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Area	1985	1986	1987
Algeria	1,400	1,400	1,400
Argentina	1,400	1,400	1,400
Australia	1,400	1,400	1,400
Belgium	1,400	1,400	1,400
Canada	1,400	1,400	1,400
France	1,400	1,400	1,400
Germany	1,400	1,400	1,400
Italy	1,400	1,400	1,400
Japan	1,400	1,400	1,400
South Korea	1,400	1,400	1,400
United Kingdom	1,400	1,400	1,400
United States	1,400	1,400	1,400
USSR	1,400	1,400	1,400
Other	1,400	1,400	1,400

ESTABLISHED 1887

U.S. Offers Medium-Range Missile Cuts

By Bernard Weinraub

WASHINGTON — President Ronald Reagan has sent a proposal to Mikhail S. Gorbachev, the Soviet leader, seeking the elimination of U.S. and Soviet medium-range missiles in Europe and Asia over the next three years, according to administration officials.

In a comprehensive letter to Mr. Gorbachev, Mr. Reagan also rejected the Soviet proposal to freeze British and French medium-range nuclear forces at current levels, the officials said Saturday.

Mr. Reagan's letter, which was sent Saturday, was intended in large part to respond to the Soviet leader's proposal on Jan. 15 that all nuclear weapons be eliminated by the year 2000.

Administration officials said the

letter also was intended to put the Soviet Union on the defensive about nuclear arms control as both sides start preparing for the next summit meeting between Mr. Reagan and Mr. Gorbachev in the early summer or fall.

An administration official said Mr. Reagan indicated to Mr. Gorbachev that it was, in the official's words, "a good idea" to eliminate nuclear weapons by 2000.

"The fact is, let's get down to brass tacks; to move from here to there, let's start with INF and get what the official characterized the message."

INF is an abbreviation for intermediate-range nuclear forces, which according to officials were the focus of Mr. Reagan's letter.

Administration officials said Mr. Reagan proposed the elimination

of all intermediate-range nuclear forces, or weapons with a range of about 3,000 miles (5,000 kilometers), in three years.

Officials said that reducing intermediate-range arms would serve as a first step in cutting all Soviet and American strategic forces by 50 percent, as Mr. Reagan and Mr. Gorbachev agreed last November.

"The emphasis is reaching zero in three years," one official said.

"It kind of calls their bluff," he added, "because if they want to move ahead on INF, they've got something done in that realm, well, here's the president saying, 'Let's do it in three years.'"

An official said Mr. Reagan's letter included a renewed U.S. commitment to abolish chemical weapons. Mr. Reagan also told the Soviet leader that the United States

was awaiting a detailed response to a U.S. proposal at the Strategic Arms Reduction Talks in Geneva last November.

Administration officials indicated that several options would be offered to the Soviet Union for eliminating the intermediate-range forces, which include Soviet SS-20 missiles and U.S. Pershing-2 ballistic missiles and ground-launched cruise missiles.

The U.S. proposal is designed to alleviate concerns that Japan, as well as South Korea and Australia, among other nations.

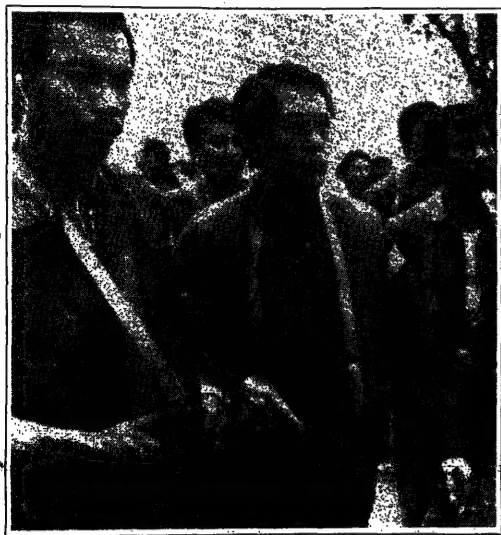
The Japanese were especially concerned that the original U.S. plan treated Asian security as a

secondary concern because it allowed the Russians to keep half of their current SS-20s in Asia while calling for the elimination of Soviet intermediate-range missiles in Europe.

The new plan calls for the elimination of SS-20s in the Far East and for proportionate reductions in Asia during the three-year period.

A key option to be sent to Mr. Gorbachev, officials said, would be to eliminate all U.S. and Soviet medium-range missiles from Europe, limit Soviet deployment of SS-20 medium-range missiles to Soviet Central Europe and allow the United States to keep an equal number of missiles in the United States.

Under Mr. Reagan's proposal,



Juan Ponce Enrile, center, the former defense minister, on Sunday at Camp Crame.

Marcos Vows to Crush Revolt Of Philippine Military Chiefs

By Michael Richardson

MANILA — The Philippine defense minister and deputy military chief of staff deflected to the opposition with hundreds of troops over the weekend and were occupying part of the Philippine Constabulary headquarters early Monday morning, they called for President Ferdinand E. Marcos to resign.

Mr. Marcos responded by warning that he would "wipe out" the rebel forces led by his defense minister, Juan Ponce Enrile, and the deputy military chief of staff, Lieutenant General Fidel V. Ramos, unless they agreed to surrender.

Soldiers loyal to Mr. Marcos

were reported to have fired tear gas before the rebels fled. Monday night a crowd of civilians outside the installation held by rebellious military units, United Press International reported.

[Radio Veritas, the church radio, reported that battalions of Marcos loyalists were attacking the rebel forces. Civilians were being "assaulted heavily," the radio said.]

In a defiant and angry speech early Monday, Mr. Marcos said that the two men, who announced Saturday that they were joining the opposition, wanted to "grab power" and form an illegal junta to run the country.

He also accused Cardinal Jaime L. Sin, archbishop of Manila and the most senior member of the influential Roman Catholic hierarchy in the Philippines, of "spouting all kinds of lies," adding, "We'll attend to that later on."

Corazon C. Aquino, the main opposition leader, has insisted that Mr. Marcos only won the Feb. 7 presidential election because of massive fraud and coercion.

Some of Mrs. Aquino's advisers are urging her to step up her challenge to Mr. Marcos's legitimacy by announcing she has formed a provisional administration before he is sworn in for a new six-year term on Tuesday, Mr. Enrile said Sunday.

He would welcome and support such a move.

In a press conference Sunday, Mr. Marcos said that if Mrs. Aquino formed a provisional government she would be committing "another form of rebellion" and would be treated accordingly.

Diplomats said Mr. Marcos's speech early Monday on government television foreshadowing a harsh crackdown on all his leading opponents was an attempt to recover some of his battered authority.

One commented: "With the military quarrelling, obviously his power base is getting narrower and narrower. It was a major blow to have

two such close associates as Enrile and Ramos defect to the opposition."

The two men, who were part of a small group that helped Mr. Marcos plan and apply martial law rule from 1972 to 1981, accused him Saturday of trying to perpetuate an "illegally installed" and "repressive" regime.

They said they recognized Mrs. Aquino as the country's legitimate president and military commander in chief and called on other senior members of the government and military to join them.

In what opposition sources predicted would be a continuing exodus,

- ON PAGE 4
- Juan Ponce Enrile saw the rebellion as an act of patriotism.
 - The military revolt grew out of reports that the defense minister and deputy chief of staff were about to be arrested.



Thousands of civilians blocked Philippine Army tanks on a street in Manila as they moved toward Camp Crame, which was being occupied by defectors from the government.

U.S. to Halt Aid if Army Attacks Foes

United Press International

WASHINGTON — President Ronald Reagan warned President Ferdinand E. Marcos of the Philippines on Sunday that if he did not refrain from using his forces against opposition leaders, the United States would cut off aid to the Philippine military immediately, a spokesman said.

The White House spokesman, Lt. of Spokes, said that Mr. Reagan was growing more concerned about Marcos' forces moving forcefully against opposition leaders, Philippine citizens with tanks and tear gas.

He said that the president appeared to Mr. Marcos to avoid an attack against the military leaders who resigned the Philippine government Saturday.

"Attention must be given to the situation by Mr. Marcos to avoid an attack against the military leaders who resigned the Philippine government Saturday."

Mr. Spokes said the president met with his National Security

(Continued on Page 4, Col. 4)

Aquino Backers Win a Bloodless Battle

International Herald Tribune

MANILA — Several hundred thousand civilians scored a tactical victory over the military night Sunday by preventing an elite Philippine marine battalion led by armored vehicles from reaching the headquarters of anti-government rebels.

When the confrontation began Sunday afternoon, it was feared that there could be large-scale loss of life as amphibious assault tanks, scout cars and heavily armed troops barged through the ranks of opposition supporters.

But shortly after midnight, the troops reversed and the crowds lining the highway leading back to the military base applauded and cheered.

President Ferdinand E. Marcos and his armed forces chief of staff, General Fabian C. Ver, ordered the marine and several other units to move on the camp, where the former defense minister, Juan Ponce Enrile, and the deputy military chief of staff, Lieutenant General Fidel V. Ramos, had established a base.

In a dramatic defection Sunday, the two men announced that they had switched their support to Corazon C. Aquino, who asserts that she was a bloodless victory in the election Feb. 7 and is demanding that Mr. Marcos resign.

Mr. Enrile and General Ramos have taken refuge in Camp Crame, the national police compound, and are guarded by hundreds of troops. But they are greatly outnumbered

and outgunned by units in Manila and nearby areas headed by commanders loyal to the president.

At a press conference late Sunday, Mr. Marcos warned the rebels to surrender or face capture.

"We are not going to use force," he said. "You are vulnerable to artillery and tank attacks."

But he said his troops were evidently failing to take account of what General Ramos, a graduate of West Point military academy, called Sunday "the use of a guerrilla approach, letting people's power do the work."

Shortly after the Enrile-Ramos defection was announced, the political opposition, leaders of the Roman Catholic Church and the church's radio network began mobilizing people to form a huge protective phalanx of unarmed civilians around Camp Crame and its entrance.

By the time the 500-strong marine combat unit with about a dozen armored vehicles started down Epifanio de los Santos avenue early Sunday afternoon, several hundred thousand people — men and women, young and old, including families with children — thronged the double-lane highway.

The marine advance was blocked at a road junction about two kilometers (1.2 miles) from Camp Crame. Kows of bullets had been heard across the highway, but civilians crowds swarmed around

(Continued on Page 4, Col. 5)

Beggs Will Resign Soon As NASA Administrator

By Philip M. Boyfey

WASHINGTON — James M. Beggs, who is to leave as administrator of NASA, will resign soon and is expected to be replaced by someone from outside the agency, according to Reagan administration officials.

High-ranking officials from both the White House and the National Aeronautics and Space Administration confirmed Friday that Mr. Beggs had said he would be leaving shortly, although the precise timing of his formal resignation remained uncertain.

Mr. Beggs took leave of his post after being indicted last December for charges stemming from his years as an aerospace industry executive.

He is known to have strongly urged the White House not to appoint the agency's acting administrator, Dr. William R. Graham, as his successor.

But White House and NASA officials both emphasized that Mr. Beggs did not make this a condition for submitting his resignation. Mr. Graham has become so strained that they barely speak to each other.

A senior White House official said Friday that the Reagan administration

was looking outside NASA for a new leader.

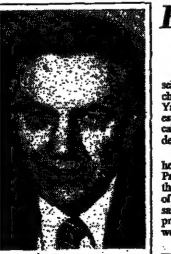
Another senior White House official said that was being done in the belief that someone not directly involved in the agency's current troubles was needed to restore confidence in the nation's space program.

He said that while there had been tension between Mr. Beggs and Mr. Graham, "we're not about to let Beggs dictate a successor." But at the same time, the official acknowledged, there was a "not to compete" clause in the White House list of replacement from outside NASA.

The leading contender for the job, according to a senior White House official, is Edward C. Aldridge Jr., undersecretary of the Air Force. Another strong candidate is the White House list, the official said, is Dr. James Fletcher, former administrator of the space agency, who has said he would "have to be dragged kicking and screaming" to take the job but would find it difficult to turn down a presidential request.

The possible nominees also include Frank Romano, the former astronaut, and Lieutenant General James A. Abrahamson, director of President Ronald Reagan's research program for space-based missile defense program, White House sources told the Los Angeles Times.

The choice of a new administrator from outside the agency would be another job in the management



James M. Beggs

Hussein Asks Palestinians to Decide Who Should Lead Them

By Judith Miller

AMMAN, Jordan — King Hussein of Jordan, in his first public challenge to the leadership of Yasser Arafat, chairman of the PLO, called on the Palestinians to decide who should lead them.

Asked by a newspaper interviewer what he would "respect" a decision by Palestinians to preserve the PLO as the "sole legitimate representative" of the Palestinian people, he said another "apparatus" to express their wishes also would be welcomed in Jordan.

"The Palestinians must now make a decision," the king said. "A day is passing and the situation of their land by Israel and their possible expulsion from Palestine is becoming more and more desperate. If they're unhappy, what do they want to do about it?"

Hussein did not directly question Mr. Arafat's leadership of the PLO, nor did he openly call on Palestinians to renounce the designation of the PLO as the official representative of Palestinians everywhere.

But diplomats and analysts in Amman interpreted the king's remarks as a considerable challenge to the PLO's leadership.

Asked if he was demanding that Palestinians make a choice on their future leadership, Hussein replied, "I'm simply saying that the Palestinians must begin their own dialogue. They must say whether they are right or wrong, or come up with something else."

On Saturday, the lower house of

Jordan's Parliament issued a communique supporting the king's position about the collapse of the most recent round of Middle East peace efforts in an interview at Naqurah Palace. His remarks were his first detailed elaboration on a speech to the nation on Wednesday.

In his three-and-a-half-hour address, the king said he could not continue a year-old effort to work with the PLO toward peace, although he said he would not fail to live up to earlier assurances to him.

Hussein said he did not agree with some Middle East analysts that the breakdown of the talks signaled an end to hopes of reviving the peace process.

"This is the end of a chapter, not of the book," he declared.

He denied that his speech had been an attempt to lay the groundwork for entering direct negotiations with Israel without the PLO, or to substitute Jordan for the PLO as spokesman for the Palestinians.

But he left open the possibility that Jordan might enter negotiations with Palestinians other than the PLO through an international conference, if Palestinians decided they wanted such an arrangement.

Hussein declined to state how Palestinians might express their political preferences, especially the

13 million who live in the West Bank and the Gaza Strip, which is also occupied by Israel. But he strongly indicated that he felt the time had come for Palestinians to express their views about who should represent them and what political course their leaders should take.

"Once they define what they want, they can create an apparatus to express themselves," the king said. "If it is the PLO, we will respect this."

Hussein said he was not calling on Arab leaders to reconsider their designation of the PLO in 1974 as the sole legitimate representative of Palestinians. The matter, he said, is for the Palestinians to decide. He also discounted speculation

(Continued on Page 2, Col. 5)

Saudis Admit Undercutting Oil Prices

MANAMA, Bahrain — Saudi Arabia acknowledged over the weekend that it had been selling crude oil at spot market prices for three months, well below official OPEC levels. Oil prices have dropped by half to three-year lows during that period.

But the kingdom, the largest producer in the Organization of Petroleum Exporting Countries, said in a statement through its Oil Ministry that it was making efforts to "conform to existing market conditions and acceptable levels." It called for cooperation to this end from "any loyal party."

The statement was carried Saturday by the official Saudi Press Agency. Oil analysts said it could be a signal that Saudi Arabia had decided to end its unofficial price-cutting campaign.

In Tehran, Iran's oil minister said Saturday that Iran, Libya and independent refiners are profiting from lower oil prices. The Algerian government proposed a halt in oil production from two weeks to one month by OPEC countries when ministers of the 15-member organization meet March 15 in Geneva. Iran has blamed high Saudi production for the fall in prices.

The Iranian minister, Ghulamriza Azghad, was quoted by

Iran's official news agency as saying that after pumping resumed, OPEC production should be cut by 10 million barrels daily.

OPEC minister, at their last meeting in December, decided to abandon a policy of production restraint and set an undefined fair share of the market with non-OPEC producers. Since then, OPEC output has risen to 18 million barrels per day or more, above the previous ceiling of 16 million.

Prices have slumped as a result. On Friday, the benchmark U.S. crude, West Texas intermediate, fell below \$14 a barrel on the New York market.

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'Red' Ruffing, the legendary Yankee pitcher, is dead at 81. Page 3.

INSIDE

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- Bankers are beginning to take a new critical look at the credit standing of East European borrowers. Page 11.

Honeymoon Ends as Gandhi Falters on Oil, Punjab

By Steven R. Weisman

MADRAS, India — Prime Minister Rajiv Gandhi, who has enjoyed nearly universal praise for his political skills, has run into an unusual storm of criticism over several recent steps and missteps.

Mr. Gandhi's aides say that his "honeymoon" with the press and with the political opposition, which had continued since he took office on Oct. 31, 1984, has at last come to an end.

The euphoria has to stop," Mr. Gandhi, 44, acknowledged recently in an interview with the magazine India Today. He sounded somewhat philosophical over the turn of events.

Opposition leaders refused to meet with Mr. Gandhi on the eve of the opening of Parliament last week and boycotted the prime minister's speech on the opening day. Instead, they took to the streets with several thousand supporters to protest his policies.

The protest focused on a decision by the government Feb. 1 to increase prices on gasoline and other petroleum products as well as worldwide oil prices were collapsing.

The Finance Ministry defended the price increases, saying they were necessary to curtail imports, reduce energy consumption and provide revenues for economic development. But a senior official acknowledged that the

announcement was badly timed and poorly explained to the public.

Protests erupted across India against the price increases, which led to higher bus and train fares. The government was forced to announce a small rollback of its price increase.

"Time and again, the government has come across as functioning in an authoritarian and shortsighted manner," commented India Today, which usually is friendly to Mr. Gandhi.

"Decisions taken one day seem to be reversed the next," the magazine said. "People appointed to one job are abruptly shifted to another. The prime minister says he believes in one thing, his government does quite another."

According to surveys conducted by Indian news organizations, middle- and upper-class Indians who have supported Mr. Gandhi's economic policies in the past are worried that the petroleum price increases may overshadow a general rise in the cost of living.

Mr. Gandhi also was criticized for his failure to negotiate last year to settle the crisis involving Sikhs in Punjab. The pact had been widely praised as his biggest accomplishment.

The accord called for the city of Chandigarh, which served as the joint capital of

Punjab and Haryana states, to be transferred to the sole control of Sikh-controlled Punjab on Jan. 26. But the day came and went without the transfer taking place.

The delay was prompted by the failure of politicians to agree on which territories were to be given to Hindu-controlled Haryana in return for losing its share of Chandigarh.

The border dispute has gone on for years, but Mr. Gandhi had raised expectations that it could be solved on time. Critics say the failure has weakened the hand of the moderate Sikh leaders who govern Punjab in their battle with Sikh radicals.

Killings in Punjab, which are attributed to Sikh radicals who have taken over the Golden Temple complex in the Sikh holy city of Amritsar, have been increasing amid demands that Mr. Gandhi take some form of action.

But the prime minister, mindful that his mother, Prime Minister Indira Gandhi, was assassinated after she sent the army to end a previous occupation of the Golden Temple by Sikh radicals in 1984, has remained aloof in the hope that the Punjab government can deal with the problem.

In the business sector, officials have been grumbling that Mr. Gandhi's program to deregulate industry has not been carried out to the extent they had hoped.

They also complain that the Finance Ministry has singled them out for tax raids while ignoring tax evasion by government officials.

The prime minister also has been troubled by the recent loss of a Parliament seat that had been deemed safe for his Congress (I) Party, and the impact of a recent election.

Aides to Mr. Gandhi said that a downswing was inevitable after a period of economic growth. They will toward the prime minister, but some sides feel that the government has blundered on occasion.

There has been much gossip in New Delhi about the timing of an American television program on Mr. Gandhi that was supposed to have been shown on the Indian government-owned network.

The program, "Rajiv's India," was canceled after key political allies to Mr. Gandhi complained that it while it praised him, it was not flattering to his mother.

An aide to Mr. Gandhi said the prime minister was besieged by requests from his subordinates to view the film and decide whether it should be shown.

Mr. Gandhi refused, the aide said, apparently fearing adverse publicity if it became known that he was screening Indian television programs for their acceptability.



Rajiv Gandhi

WORLD BRIEFS

Moh Burns Buildings in South Africa

JOHANNESBURG (UPI) — Two restaurants, a doctor's office, two shops, a government office and several homes were burned Saturday as about 500 people ransacked through the black township of Soweto, said about 200 miles (325 kilometers) from Johannesburg, police said Sunday. Three trucks and 23 cars also were set ablaze, they said. Police said they arrested three men.

In Pretoria, police said a bomb explosion in a phone booth Sunday damaged a post office and several shops shortly after midnight in the white suburb of Meyerburg. They said there were no injuries.

In another incident Saturday, police said radicals in the Pretoria township of Soekburg set a car fire soaked with gasoline around the neck of a black policeman and burned him to death, after he attended the funeral of a pupil shot by police about a week earlier.

Tylenol Inquiry Shifts From Factory

WASHINGTON (LAT) — Tylenol capsules laced with cyanide that are believed to have caused the death of a 26-year-old New York woman were being tampered with after they left the factory, according to the preliminary results of an FBI investigation.

"Our investigation to date indicates that it is unlikely that contamination occurred during the manufacturing process," a spokesman for the Federal Bureau of Investigation, Lane Bonner, said Friday. "However, we will continue to examine all possibilities."

Also on Friday, the Food and Drug Administration Commissioner, Frank I. Young, held a one-hour closed meeting with representatives of 15 consumer groups who urged him to conduct a public education campaign on the signs of tampering.

Palauans Endorse Compact With U.S.

KOROR, Palau (AP) — Palauans have endorsed a new U.S. relationship with the United States by nearly a 3-1 margin, according to an unofficial count Sunday of referendum results. The approval could bring the Western Pacific island territory closer to independence and a large amount of economic aid in exchange for military concessions.

The new compact, signed on Jan. 10 by Palauans and U.S. negotiators, gave the United States military concessions it considers important for Pacific defense and denies access to third-country military forces. It contains nearly \$1 billion in U.S. assistance, the bulk of it in the first 15 years of the 50-year agreement. It still must be approved by the U.S. Congress and the United Nations Security Council.

Palau, a republic of 14,000 people on eight of 200 coral islands, is the westernmost of four political entities in the Territory of the Pacific Islands. The new pact and the 1975 agreement that gave the United States control of Palau's harbor, airport and 30,000 acres (12,120 hectares) of land for military use. The agreement prohibits the United States from using, testing, storing or disposing of nuclear, toxic, chemical, gas or biological weapons intended for warfare in Palau's territory.

Iraq Claims Advance in Gulf War

BAGHDAD (Reuters) — Iraqi forces fighting Sunday to retake the southern tip of the Faw peninsula from occupying Iranian troops captured an important communications junction, the Iraqi news agency reported.

"It is said that the Iranians struck at advancing Iraqi soldiers and central columns but that the central column repulsed a new attack and seized the junction."

In Tehran, Prime Minister Mir Hossein Mousavi said that Iranian troops from occupying Iran had not a ground was lost.

Mir Hussein Mousavi

Police Kill Salvadoran General's Son

SAN SALVADOR (UPI) — National police agents accidentally shot to death the son of the head of the Salvadoran Air Force as he left his home early Sunday, police said.

Officials first speculated that the death of Ivan Benjamin Bustillo Valencia, 19, may have been caused by leftist guerrillas fighting the government. But the government's press office called the death of Mr. Bustillo, son of General Adolfo Bustillo, who headed the nation's air force, a "lamentable incident."

The statement said Mr. Bustillo fired two pistol shots into the air as he left his home "in the early morning hours" without realizing he was carrying a checkpoint set up by the National Police. "The agents, when they heard the shots, reacted immediately, firing at the vehicle... one of the bullets killed Ivan Benjamin instantly," the statement said.

Madrid Marchers Urge NATO Pullout

MADRID (Reuters) — A crowd estimated at more than 500,000 by organizers marched through Madrid on Sunday to demand Spain's withdrawal from the North Atlantic Treaty Organization.

More than 150 pacifist, ecologist and leftist political groups took part in the demonstration, which was designed to influence voting in a national referendum on NATO membership scheduled for March 12. A poll published Sunday by El Pais, a Madrid newspaper, said 34.2 percent of those surveyed were against NATO membership, with 25.2 percent in favor.

For the Record

The Argentine president, José Eduardo de Sarmiento, has dismissed the security minister, Colonel Julio Matheu Pardo, and his deputy minister, Mercedes Antonio de Castro, and has taken charge of security matters himself. The government said the dismissal was a "renewal of confidence."

The death of Larry Wu-Ti Chin, the former U.S. Central Intelligence Agency analyst who was convicted of spying for China, was found to be a suicide after an autopsy performed Saturday. Mr. Chin, who was found in a Virginia jail with a bag tied over his head, died of asphyxiation.

Leontio's military rulers have freed three former ministers of the civilian government they overthrew Jan. 20. Radio Leontio said Sunday they were "declassified" and "rehabilitated" by the military government. Vincenti Montu, Montu, former foreign minister, and Francisco Mathelone, former minister for cooperatives and rural development.

Reagan Sends Arms Proposal to Soviet

(Continued from Page 1)

The other option would be "straight reductions" on medium-range forces to zero in three years "on a global basis," according to an administration official.

Mr. Reagan reportedly said in his letter that the United States was eager to fulfill its commitment, made at the Geneva summit meeting in November, to reduce all of the Soviet and American strategic forces that can strike the other half of the world.

The North Atlantic Treaty Organization says the Soviet Union has 441 SS-20 missiles, including 130 in Europe and 171 in Asia. American totals include 108 Pershing-2 missiles, and an eventual total of 464 cruise missiles.

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Nicaragua Rejects Talks With Rebels

By Stephen Kinzer

New York Times Staff Writer

MANAGUA — President Daniel Ortega Saavedra, speaking at the opening of the 1986 session of the National Assembly, has rejected U.S. demands that his government negotiate with U.S.-backed rebels but said it would continue to negotiate with the rebels on security concerns with the United States.

In the speech Friday, Mr. Ortega reiterated that the government would not discuss changes in its domestic policies.

"It would not occur to us to ask for internal changes in the United States," Mr. Ortega said, "even though we may not be in agreement with many aspects of the democracy, or so-called democracy, that exists there."

The Reagan administration has said that no end to the fighting in Nicaragua is possible unless the government lifts press and travel restrictions, reaches accords with Roman Catholic bishops and loosens restrictions on private business.

In Washington, meanwhile, President Ronald Reagan told Republicans in the House of Representatives on Friday that he would make a major initiative speech about military matters next week.

The congressman said later that he also would use the speech to announce the new military aid for the Nicaraguan rebels.

"Why does the Reagan administration want dialogue with the counterrevolutionaries, to achieve peace in Nicaragua?" he asked. "They want dialogue in order to destroy the revolution in Nicaragua, to repeat these words are either stupid or, more likely, are being paid for by the U.S. government."

Mr. Ortega estimated that the five-year conflict between government forces and the rebels had cost the figure included 113,930 dead, counting the losses by the army, the rebels and civilians.

He said the per-capita income of Nicaraguans had fallen to the level of 15 years ago and that 38.4 percent of the national budget was being spent for defense. However, most of the statistics presented by Mr. Ortega showed government successes in 1985.

With the pro-Libyan weekly al-Kifah al-Arabi in Beirut, said, "I warn the Gulf states that this war will continue, if all do not cut production to the quotas permitted" by OPEC.

Saudi Arabia's production in the Gulf at oil industry sources in the Gulf at 4.7 million barrels per day, up from a 20-year low of 2 million barrels last August. Saudi Arabia's OPEC quota is 4.35 million barrels per day.

The Saudi statement said that the kingdom "joins hands with any loyal party that works to protect the economies of our people from serious damage and the international community from another energy crisis in the near future."

The Saudi Oil Ministry said that OPEC could not protect oil prices alone and needed the cooperation of other producers in Britain, Norway and Mexico are among the main producers outside OPEC.

The Saudi statement said that the kingdom was the last to abandon official prices, but was forced by financial pressures to follow the price-cutting tactics of fellow OPEC members.

"Saudi Arabia," it said, "was alone among other members of the Organization of Petroleum Exporting Countries which had seen its production falling to a third after it was cut by official OPEC prices."

But when OPEC members did not stop their behavior of selling below official prices, and other producers did not surrender market share, the statement said, Saudi Arabia was forced to follow the policy of selling oil according to spot market prices."

The Libyan leader, Colonel Muammar Qadhafi, was quoted in the weekend as saying that the latest Iranian offensive in the Gulf war, begun Feb. 9, was in retaliation for the Saudis' policy.

Colonel Qadhafi, in an interview with the pro-Libyan weekly al-Kifah al-Arabi in Beirut, said, "I warn the Gulf states that this war will continue, if all do not cut production to the quotas permitted" by OPEC.

Saudi Arabia's production in the Gulf at oil industry sources in the Gulf at 4.7 million barrels per day, up from a 20-year low of 2 million barrels last August. Saudi Arabia's OPEC quota is 4.35 million barrels per day.

The Saudi statement said that the kingdom "joins hands with any loyal party that works to protect the economies of our people from serious damage and the international community from another energy crisis in the near future."

The Saudi Oil Ministry said that OPEC could not protect oil prices alone and needed the cooperation of other producers in Britain, Norway and Mexico are among the main producers outside OPEC.

The Saudi statement said that the kingdom was the last to abandon official prices, but was forced by financial pressures to follow the price-cutting tactics of fellow OPEC members.

"Saudi Arabia," it said, "was alone among other members of the Organization of Petroleum Exporting Countries which had seen its production falling to a third after it was cut by official OPEC prices."

But when OPEC members did not stop their behavior of selling below official prices, and other producers did not surrender market share, the statement said, Saudi Arabia was forced to follow the policy of selling oil according to spot market prices."



Israeli soldiers return on a personnel carrier from Lebanon after the search was called off.

Israeli Army Pulls Back in Lebanon, Ending Search for 2 Captured Soldiers

By Reuters

TEL AVIV — Defense Minister Yitzhak Rabin said Sunday that Israel had pulled its army back from the Lebanese port city of Tyre, ending a search for two captured soldiers.

Mr. Rabin said the search for the two soldiers, who were captured in a battle with Hezbollah guerrillas in Tyre, had been called off because of the risk to Israeli soldiers.

He said the Israeli army had been ordered to withdraw from the Lebanese port city of Tyre on Sunday after several guerrillas were killed in northern Tyre. The Associated Press reported that the Israeli army had been ordered to withdraw from the Lebanese port city of Tyre on Sunday after several guerrillas were killed in northern Tyre.

Mr. Rabin blamed the Shiite Muslim militia for most of the attacks against Israeli forces in the search for the two soldiers.

He said the Israeli army had been ordered to withdraw from the Lebanese port city of Tyre on Sunday after several guerrillas were killed in northern Tyre. The Associated Press reported that the Israeli army had been ordered to withdraw from the Lebanese port city of Tyre on Sunday after several guerrillas were killed in northern Tyre.

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Chad Says It Captured 1,000 Rebels in War

By Reuters

NDJAMENA, Chad — Chad has captured about 1,000 prisoners in this month's fighting with Libyan-backed rebels, according to the government.

Ten prisoners shown to the press here Saturday were all men, who had been taken during the fighting. They said they had been forced to fight on the rebel side.

"Those who refused to fight were shot by the Libyans," one of them said.

The government described last week's battle as a 30-day civil war as a Libyan attack and on Friday, two Libyan prisoners were shown to the press in Ndjamena.

But the prisoners interviewed Saturday said most of the fighting by the rebels, led by former President Goukouni Oueddei, actually was done by Chadians.

"The Libyans ordered us to march in front," one prisoner said. "They stayed behind the rear and when the fighting started they ran away."

The figure of 1,000 captured was given by Information Minister Moukoko Abba, who said Chad prisoners were being held in camps near the battle area in the center of the country.

One of the prisoners, who said he was a former Chadian civil servant conscripted into Libya's "Islamic Legion," said there were from 3,000 to 4,000 men in the Legion.

France has sent four Jaguar strike aircraft, six Mirage F-1 fighters and 750 military personnel to Ndjamena to help Chad fight off the Libyan-backed rebels.

The French brought 24 armored vehicles and 100 troops to Chad, and the French brought 24 armored vehicles and 100 troops to Chad, and the French brought 24 armored vehicles and 100 troops to Chad.

Most of the vehicles now have been withdrawn to protect the government's oil fields. The French brought 24 armored vehicles and 100 troops to Chad, and the French brought 24 armored vehicles and 100 troops to Chad.

The aircraft was carried out by two French military aircraft.

Chad is a key element in the French strategy. The southern half of the country borders with five other African nations: Niger, Nigeria, Cameroon, the Central African Republic, and the Sudan.

Specifically, France does two things. It keeps small military detachments in four countries: the Central African Republic, Gabon, Senegal and Djibouti. And it is also actively cultivating what it calls its "special relations" with former colonies.

Moreover, Chad has become the focal point of competition for influence between France, as the representative of the West, and the unpredictable Colonel Moammar Qadhafi of Libya. Most of the oil nations in the area have welcomed the intervention of the former colonial power because they distrust Libya.

The Libyans have been deeply involved in Chad since at least 1973, when Colonel Qadhafi annexed the Aouzai Strip in the north. Since then, as Libya has supported the rebels based in the north, France has intervened militarily several times to protect its oil interests.

Chad has been a hotbed of conflict between the two governments based in Ndjamena.

Last week, France showed by its air attack and dispatch of troops that it is willing to be tougher with the Libyans than it was in 1984, when French troops pulled out after Libyan forces remained in Chad.

Even so, the French do not seem to be ready to enter a full-scale conflict with the Libyans. They apparently believe that keeping Colonel Qadhafi out of the southern half of Chad would be a victory for the west of the central Africa.

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Palauans Endorse Compact With U.S.

KOROR, Palau (AP) — Palauans have endorsed a new U.S. relationship with the United States by nearly a 3-1 margin, according to an unofficial count Sunday of referendum results. The approval could bring the Western Pacific island territory closer to independence and a large amount of economic aid in exchange for military concessions.

The new compact, signed on Jan. 10 by Palauans and U.S. negotiators, gave the United States military concessions it considers important for Pacific defense and denies access to third-country military forces. It contains nearly \$1 billion in U.S. assistance, the bulk of it in the first 15 years of the 50-year agreement. It still must be approved by the U.S. Congress and the United Nations Security Council.

Palau, a republic of 14,000 people on eight of 200 coral islands, is the westernmost of four political entities in the Territory of the Pacific Islands. The new pact and the 1975 agreement that gave the United States control of Palau's harbor, airport and 30,000 acres (12,120 hectares) of land for military use. The agreement prohibits the United States from using, testing, storing or disposing of nuclear, toxic, chemical, gas or biological weapons intended for warfare in Palau's territory.

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THE REBELLION IN THE PHILIPPINES: President Marcos resists calls by his former close military aides for him to step down.

Enrile Calls It 'More Honorable To Die Fighting This Regime'

New York Times Service

MANILA — When President Ferdinand E. Marcos declared martial law in 1972, the main architect of his crackdown was a shrewd, charming Harvard-educated lawyer, Juan Ponce Enrile.

Mr. Enrile, who served Mr. Marcos for years as his defense minister, broke with the president on Saturday.

"I am bothered by my conscience," he said after declaring that he no longer recognized Mr. Marcos as president.

"What I am doing today is an act of conscience," Mr. Enrile said after barricading himself inside the defense headquarters at Camp Aguinaldo. "Had I known martial law would be used to suppress our people, I would not have supported it."

Mr. Enrile's reversal came as a surprise to many Filipinos because he had worked hard for Mr. Marcos's re-election over Corason C. Aquino on Feb. 7, helping to deliver his native area in the most one-sided vote in the country.

On Saturday, he conceded that much of that strategy was the result of fraud and intimidation.

Mr. Enrile, who came from the same province as Mr. Marcos, an important bond in the Philippines, benefited handsomely from martial law, becoming chairman of the United Coconut Planters Bank and amassing a fortune. His house is among the most opulent in Manila, visitors say.

But behind Mr. Enrile's break with Mr. Marcos lies a long-term souring of their relationship, stem-

ming from Mr. Marcos's suspicion that Mr. Enrile, 62, has presidential ambitions and from Mr. Enrile's gradual swing to a more conciliatory approach to the opposition.

Mr. Enrile's star began to decline in the late 1970s after he emerged as the most likely successor to Mr. Marcos, a fact that was said to have made the president uncomfortable. Mr. Enrile compounded the problem by pushing for greater power for the largely unelected National Assembly, challenging Mr. Marcos's virtually absolute power.

Mr. Enrile also began to take a more moderate stance toward Mr. Marcos's critics. In time, he began allowing investigations of human rights abuses and torture by the army, though little usually came of these reports.

In place of Mr. Enrile, Mr. Marcos began to rely more heavily on another native of his home province, Fabian C. Ver, the head of his elite palace guards. Eventually, Mr. Marcos made Mr. Ver a general and then the chief of staff of the armed forces. A son of General Ver took over as commander of the palace guards.

Mr. Enrile, from Ilocos in the northwestern part of the country, graduated at the top of his class from the University of the Philippines Law School and in 1955 received a master's degree from the Harvard Law School.

He returned to Manila to become a lawyer before Mr. Marcos invited him to join his government in the late 1950s, first as commissioner of customs. He was soon



Lieutenant General Fidel V. Ramos, left, and Defense Minister Juan Ponce Enrile, announcing they had broken with the president and would fortify themselves against arrest.

U.S. Will Halt Aid if Troops Attack Civilians

(Continued from Page 1)

Council for nearly an hour and heard a report from Philip C. Hasbani, a U.S. military official, about 10 days in the Philippines meeting with church, business and political leaders.

Mr. Spokes said that Mr. Reagan decided that if Mr. Marcos did not call back his military forces against opponents and citizens, then U.S. military aid to the Philippines would be cut off "immediately."

Rebel Support Signaled
Bernard Gwertzman of The New York Times reported earlier from Washington:

The White House has signaled that it supports the Philippine defense minister and deputy chief of staff, who have resigned from the government and have called on Mr. Marcos to give up power because of the fraud that took place in the elections Feb. 7.

In an unusually worded statement, issued Saturday with President Ronald Reagan's approval, the White House moved closer than it had done before to calling for Mr. Marcos to give up office.

It said statements by the two former high Marcos aides reinforced administration concern that the fraud in the elections, carried out mostly by the Marcos party, was "so extreme as to undermine the credibility and legitimacy of the election and impair the capacity of the government of the Philippines to cope with a growing insurgency and a troubled economy."

The White House, in effect, endorsed the remarks made by the defense minister, Juan Ponce Enrile, and the deputy chief of staff, Lieutenant General Fidel V. Ramos, by summarizing them without qualification and by pointing out making any reference to Mr. Marcos's rebuttal remarks.

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For Many in Military, Time to Choose Sides

By Clyde Haberman

New York Times Service

MANILA — Colonel Tingo Gador, assigned to an army unit in the southern province of Cebu, said he first heard of plans to arrest the defense minister several days ago. It was, he declared, a threat not only to the minister, Juan Ponce Enrile, but also to the entire "reform" movement of military officers to which he belonged.

Quietly, to avoid drawing his superior's attention, Colonel Gador spirited more than 100 of his soldiers by bus from Cagayan to Camp Aguinaldo, the Philippine military headquarters in northern Manila.

Early Saturday, along a darkened corridor of the Defense Ministry building there, they joined dozens of other soldiers ready to protect Mr. Enrile.

The minister and the deputy chief of staff, Lieutenant General Fidel V. Ramos, announced Saturday that they had broken with President Ferdinand E. Marcos and that they would fortify themselves inside the ministry because they had received reports they were about to be arrested.

Despite the potentially ominous implications, the mood of the 20-sided Sunday morning at the Defense Ministry was almost light. The troops set down their shields and lowered their rifles.

Those inside supporting Mr. Enrile were just as relaxed. Some noted on the walls the crackling cigarettes, their American- and Israeli-made automatic rifles slung.

Several, although armed, were only half in uniform. Lieutenant Colonel Enrile said he had heard of the action on Radio Veritas, a Roman Catholic Church station, and had moved to the ministry.

He was wearing a blue striped uniform, a 45-caliber pistol strapped to his hip and a M-16 rifle in his hand. He was wearing blue jeans and sneakers.

Estimates of the numbers of so-called reformers run to about 1,000 of the 15,000 officers. They are concentrated within the Defense Ministry, and many of the men standing guard Sunday morning are non-military assigned there.

"We are not revolutionaries," Colonel Enrile said. "We believe in democracy. You know, Filipinos are generally a peaceful lot, but there are people who feel that we have had enough."

A 45-caliber pistol was slung over his shoulder. Mr. Enrile was telling reporters he was prepared to die. Officers who stood nearby said much the same thing, although several acknowledged they hardly relished the thought.

Colonel Gador, a 20-year veteran, said that in anticipation of the occupation of the ministry, he had put soldiers under his command in civilian clothes on buses and sent them to Manila, 310 miles (about 500 kilometers) southwest of Cagayan.

His new weapons to the capital, he said, he had.

Colonel Gador said he hoped there would be no trouble, but added: "I believe many others will join us but it may come time for the military to fight within itself. If we have to destroy this country anyway we might as well do it for our convictions. Sometimes to restore life we have to destroy the system."

Mr. Enrile said "no one else" but Mr. Marcos and his armed forces were responsible for the situation. Mr. Enrile said that in anticipation of the occupation of the ministry, he had put soldiers under his command in civilian clothes on buses and sent them to Manila, 310 miles (about 500 kilometers) southwest of Cagayan.

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King Faisal International Prize

AN INVITATION TO THE NOMINATION FOR THE KING FAISAL INTERNATIONAL PRIZE IN MEDICINE AND THE KING FAISAL INTERNATIONAL PRIZE IN SCIENCE

The General Secretariat of the King Faisal International Prize, in Riyadh, Kingdom of Saudi Arabia, has the honour to invite the Universities, Educational Institutions and Research Centres all over the world to nominate qualified candidates for:

- The King Faisal International Prize in Medicine.
Topic: "PREVENTION OF BLINDNESS".
- The King Faisal International Prize in Science.
Topic: "MATHEMATICS".

which will be awarded in 1407 AH. i.e. 1987 AD.

(a) Selection will be decided by a Committee consisting of national and international members selected by the Board of King Faisal International Prize.

(b) More than one person may share each prize.

(c) The Winner's name will be announced in December 1986, and the prize will be awarded in an official ceremony to be held for that purpose in Riyadh, Kingdom of Saudi Arabia.

(d) Each Prize consists of:

- (1) A certificate in the name of the winner containing an abstract of the work that qualified him/her for the prize.
- (2) A precious medal.
- (3) A sum of three hundred and fifty thousand Saudi Riyals (S.R. 350,000).


(e) The following conditions must be fulfilled:

1. A nominee must have accomplished outstanding academic work in the subject of the prize, leading to the benefit of mankind and enrichment of human thought.
2. The prize will be awarded for specific original research but the nominee's complete works will be taken into account.
3. The work submitted with the nominations must have been published.
4. The specific works submitted must not have been awarded a prize by any international educational institution, scientific organization, or foundation.
5. Nominations must be submitted by leading members of recognized educational institutions and of world-famous such as Universities, Academies and Research Centres. Nominations from other individuals and political parties will not be accepted.
6. Nominations must give full particulars of the nominee's academic background, experience and publications, as well as copies of higher educational certificates, if available. Three 8 x 9 cm photographs, full name and address number of the nominee are also required.
7. The nominations and selected publications (10 copies) are to be sent by registered air mail to the address stated in (10) below.
8. The latest date for receipt of the full nominations with copies of works is the 4th of Dhul-Hijjah 1406 AH, i.e. the 30th of August 1986 AD. The nomination papers received after this date will not be considered unless the subject of the prize is postponed to the following year.
9. No nomination papers or works will be returned to the senders.
10. Enquiries should be made, and nominations should be sent, to the Secretary General of King Faisal International Prize, P.O. Box 22476, Riyadh 11465, Kingdom of Saudi Arabia. Tel: 204661 PRIZE EL.

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Party Congress Marks Decisive Phase for Gorbachev's Regime

By Celestine Bohlen

MOSCOW — If words can define an era, then perestroika is the catchword here before Tuesday's opening of the Communist Party congress as the Soviet leader, Mikhail S. Gorbachev, enters a decisive phase of his leadership.

Literally, perestroika means rebuilding, but in the Soviet Union's current political climate, it has taken on a broader social connotation. Appearing almost daily in speeches and in the press, the word now sums up a range of new themes: openness, honesty, the need for harder work, more personal initiative, less talk and more action.

In short, it has come to signify a psychological adjustment, a new state of mind fundamental to Mr. Gorbachev's hopes for the revival of Soviet society. The concept will dominate this week as the 27th Congress of the Soviet Communist Party opens here. Yet it is still not clear to what extent the word represents a real break with the past, or is simply the latest in a long string of Soviet slogans.

And despite the buildup and historic significance of this week's gathering, which is expected to be the most lively and interesting party congress since the days of Nikita S. Khrushchev, many expect the congress to be a basic question to be decided at the congress itself.

"A congress is not a place where things happen; it is where they get the seal of approval," said one diplomat. "And my sense is that at this one, we will not see an unveiling, but more a clearing of the decks."

The party congress, which takes place once every five years, occurs at a good time for Mr. Gorbachev. One year after assuming office, he has been given the chance to appoint the country's top leadership through nominations to the Central Committee. He is expected to name new people to at least half of the committee's 500 positions.

He also is to present a revised party program, the

first since 1961, as well as a five-year economic plan. His speech to the congress Tuesday is expected to be his most significant to date.

Few analysts expect the announcement of any major shift in Soviet policy, either on the domestic or the foreign policy front. In the international arena, Mr. Gorbachev made a major disarmament proposal Jan. 15 and he is unlikely to make any further initiative.

On internal affairs, which are the new leader's main concern, he is not expected to come down on one side or the other of the debates now raging in the media. Issues being discussed include allowing some services, like auto repairs, to be provided privately by individuals, adjustments in the pricing system to reflect supply and demand and other economic changes.

"There may be a bow in the direction of some shifts," said one Western diplomat, "but now is probably not the time for anyone to ram an economic blueprint down the throats of the delegates."

In his first year, Mr. Gorbachev moved rapidly, and with far more assurance than anyone expected. From the Politburo on down to the regional party levels, he removed an older generation of Soviet leaders, and replaced them with men who resemble himself — in age, in qualifications and in dedication to the "new style of work."

At least 45 of the 159 regional party secretaries have been replaced since Mr. Gorbachev became party leader, as have more than 40 of the 113 officials of ministerial rank.

The turnover in personnel so far has showed Mr. Gorbachev's political skill. In spurring some of the old guard on the Politburo, like the Ukrainian party boss, Vladimir V. Shcherbitsky, he seems to be reserving his strength for other battles, in toppling the Moscow party boss, Viktor V. Grishin, he has sent a message that drastic measures will be taken when necessary.

The new generation of party leaders, many of them presumably evaluated by Yegor K. Ligachev, who is

the party's No. 2 man and perhaps ideologically the toughest of the new Kremlin leaders, have come in on a wave of perestroika.

Besides the national anti-alcoholism campaign, which recently has been given a new boost in the press, there is official scorn for all forms of self-indulgence, from flattery and cynicism to ostentatious living.

The most remarkable example was the recent publication in Pravda, the party newspaper, of letters calling for the abolition of special shops and special hospitals reserved for party and government leaders.

The article sent a shock wave through the elite that was softened only slightly two days later when Pravda hastily noted that not all leaders abuse their positions.

The attacks on complacency, privilege and toadyism have amounted to a broadside against the last years of the era of Leonid I. Brezhnev. That decade, which has been building lately, is expected to peak at the congress, although many consider it unlikely that Mr. Gorbachev will criticize Brezhnev by name.

Rejecting the immediate past is a Soviet tradition. Khrushchev attacked Stalin, and excised him from Soviet official history. Later the same happened to Khrushchev.

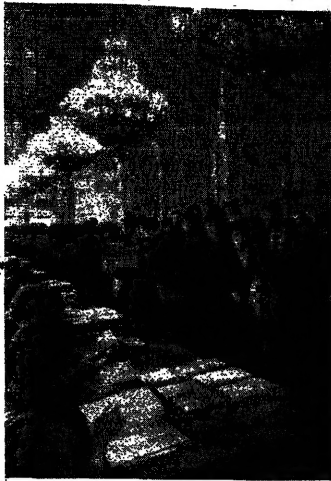
The break with the Brezhnev era has been a subtle process, but its implications are just as seismic. In sweeping out the Brezhnev era, Mr. Gorbachev has thrown out the arrangement that had isolated the Soviet leadership from the people.

Perestroika, for bureaucrats and party members, has been a nerve-wracking change, as they watch sinners being abolished and colleagues being criticized by name in the press.

Mr. Gorbachev appears to be seeking a balance between stability and change. His first move was to get rid of the older generation, a process that was helped by their advancing age.

Now the harder task is for him to establish a system that somehow institutionalizes the process, that allows a turnover of leadership without requiring major political displacement at the top.

Various options have been floated: a retirement age for party officials, limited terms in office and more democratic methods of picking top party officials. One radical suggestion that surfaced in the newspapers recently was that party members be considered equal with nonmembers before the law, an idea that would get to the heart of the party's special status.



Delegates registering in the Kremlin for the party congress.

Seoul's Crackdown Sparks Concern That Unrest Could Widen

By Susan Chira

New York Times Staff

SEOUL — There is growing concern here that a widening government crackdown on opposition politicians could spark broader social unrest.

The government has placed nearly 300 opposition politicians under temporary house arrest, some repeatedly, since Feb. 12, held scores of others in police custody for questioning, and mobilized thousands of policemen to blockade entrances to opposition group offices.

The goal has been the government's determination to crush an opposition party petition drive for constitutional revision, which officials say is an illegal act that endangers national security and threatens social chaos. Opposition politicians maintain that the drive is merely an appeal for public support for an effort that has been frustrated in the National Assembly.

On Thursday, the government deployed thousands of policemen and confined nearly 300 opposition party members to their homes to prevent them from holding a meeting on the petition drive.

Friday, however, opposition poli-

ticians were free to enter and leave their party headquarters. Kim Young Sam, a prominent opposition party leader, visited the headquarters of the opposition New Korea Democratic Party and said the government had lifted restrictions on all party members except for Kim Dae Jung, who had been under house arrest since Feb. 12.

The police were reported to have released Kim Dae Jung from house arrest late Sunday.

[United Press International quoted an aide to Mr. Kim as saying: "The house arrest order was lifted, telephone lines are connected and the situation seems to be returning to normal."

[About 300 riot police posted around the houses were removed, along with barricades on nearby roads, the aide said.]

Kim Young Sam was put under house arrest again Saturday for the fourth time in less than two weeks, but the restriction was lifted Sunday.

Government officials have accused the opposition of betraying public trust and plotting to overthrow the government. The opposition has condemned the govern-

ment's actions as the repressive reflex of an insecure regime.

The crackdown has also been sharply criticized by the United States, which has disavowed the South Korean government's stance that its petition law does not permit collecting signatures for constitutional revision.

The situation comes at a time

NEWS ANALYSIS

when diplomats here say that moderation and willingness to negotiate are essential in order to prevent turmoil in 1988, when South Korea will hold a presidential campaign and play host to the Olympics.

"With all kinds of dry tinder lying around, something may spark," a Western diplomat said. The authorities "still have not dealt with the fundamental problem — how to reach accommodation that will get them through 1988."

Others, however, play down the situation. Han Sang Joo, a professor of political science at Korea University, said that while the government's actions may represent a "detour" on the road to democracy, they do not pose a threat to democratic institutions here.

"Last year's elections did show a move toward a healthy two-party system," he said. "I think that in-cursive remains. I don't really believe that this particular series of events will weaken opposition politics to the extent that they will be discontinued."

The roots of the political impasse stretch back a year to general elections in which the newly created opposition party made an unexpectedly strong showing. The results were particularly striking because the opposition campaigned under severe restrictions, with pre-selected small sites allotted for campaign rallies and opposition candidates forbidden to criticize the government directly.

The opposition interpreted the results as a popular mandate for change — in particular as a signal to amend the constitution to permit direct presidential elections. Without direct elections, opposition politicians believe they will have little chance of victory in the next presidential election.

President Chun Doo Hwan wants any constitutional changes postponed until after 1988, when he has pledged to step down and allow what would be South Korea's

first peaceful transfer of power.

Political leaders on both sides say failure to find a compromise could eventually provoke a profound political crisis.

"If we cannot reach a compromise, both the ruling party and the opposition party will be ruined and that means catastrophe," said Kim Young Sam.

There seems to be agreement that the situation, although disturbing, is not yet explosive. The government maintains firm control, and the opposition disavows any intent of toppling it.

As has been the case so often in South Korean history, however, student activism is likely to play a crucial role in the days ahead. Students have grown more radical in the last two or three years, organizing large-scale demonstrations and executing well-coordinated actions such as the occupation of the United States Information Service building in Seoul last May.

Students have already held a large rally to support the petition drive, at which more than 200 were arrested. It is when most students return to campus in early March, politicians and diplomats here say, that the real trouble may begin.

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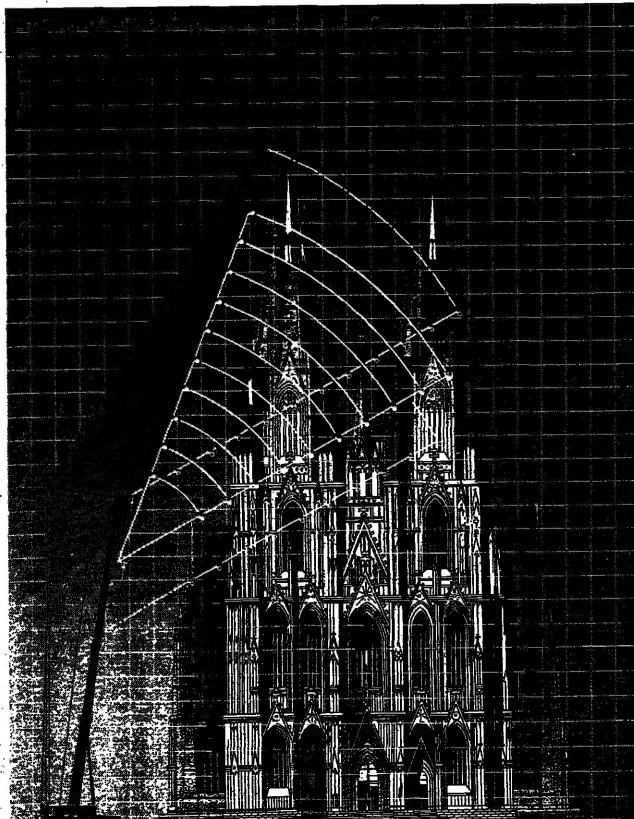


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EUROBONDS

Eurodollar Demand High Despite Currency's Dive

By CARL GEWIRTZ

PARIS — A glance at the calendar of new Eurobond issues could give the impression that the dollar's gutter as an investment currency has hardly been touched by its dive on the foreign exchange markets. Last week's volume of straight Eurodollar bonds, 14 issues totaling \$2 billion, was the heaviest so far this year.

The fact that the dollar has been sinking to seven-year lows against the Deutsche mark and Swiss franc and a seven-year low against the yen appears to be irrelevant to investors.

Bankers offer a number of reasons to explain why volume is so buoyant. Among these is the belief that the dollar's decline is only temporary, has stabilized.

Eurobond Yields

U.S. 10-year, 10% int. rate	9.39
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Market Turnover

U.S. 10-year, 10% int. rate	9.39
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Foreign exchange dealers believe the dollar will trend lower for a while, trading between 2.25-2.35 DM and 175-185 yen. And this means that it is relatively safe for foreign investors to buy dollar securities for the higher income or greater liquidity they provide with little immediate worry about the exchange rate.

But the most important factor buying the Eurodollar bond market, analysts say, is the shift in bank demand for dollar assets from the floating-rate-note market to the fixed-coupon bond market.

The FRN market was an easy way for the banks to make money, maybe not much, as FRN margins got slimmer and slimmer, but still something. Since late last year, however, even that has been eroded. The yield curve has been flat with rates identical on one-month through nine-month Eurodollars.

A YEAR AGO, the one-month interest rate was half a percentage point lower than the six-month rate, meaning a hefty profit for a bank using one-month money to hold an FRN whose coupon was tied to the six-month rate.

As a result of the flat yield curve, banks now have no incentive to hold FRNs as they are moving into fixed-coupon securities as they arrive to create profits from the higher income available on those holdings.

Another factor accounting for the continued popularity of Eurodollar bonds is the fact that the secondary market for the other sector of the market comes close to matching the number of banks making a market in Eurodollar bonds, giving investors comfort that, come what may, they can always sell their holdings.

And finally, there are the dollar-based institutions that buy Eurodollar bonds because they yield more than bonds sold in the United States. According to data supplied by Salomon Bros., Eurodollar bonds a year ago were trading at about 10 basis points, or 0.1 percent, below the yields on U.S. government paper, while today Eurodollar bonds are trading at about 50 basis points above the yield on Treasury paper, an indication of how much less foreign money is going into the Eurodollar market than a year ago.

Last week's activity in the market was marked by the appearance of two issues having a 30-year maturity. The demand for 30-year paper is another function of the flattening of the yield curve. While there is no difference between the six-month through nine-month cost of money, there are only 14 percentage points separating the one-month rate from the 30-year rate.

A year ago, according to data supplied by Salomon Bros., there was a 346-point difference between the shortest and longest rates. As a result of the narrowing, investors looking to maximize their current income are forced to accept maturities longer than they are accustomed to.

The World Bank, which earlier this year was the first to issue 30-year Eurobonds, last week offered another \$300 million bearing

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Money Rates
United States	United States
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71
DJ Industrial	107.71

Currency Rates

Cross Rates	Cross Rates
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00
U.S. dollar	1.00

Other Dollar Values

Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value
Currency	Value

Mexico Asks Help On Debt

Seeks to Lower Interest Charges

By William Stockton

MEXICO CITY — President Miguel de la Madrid has called for the international financial community to alter the terms of Mexico's \$97-billion foreign debt so that the cost of debt service is based on Mexico's ability to pay.

In a televised address Friday night, Mr. de la Madrid did not say how much Mexico's debt service should be reduced. He stopped well short of specifically demanding a cap on the amount of debt service Mexico can pay, as Peru did last year when it limited its payment to 10 percent of foreign earnings.

Instead, he spoke of the vicious circle in which Mexico has found itself as oil prices dropped, causing the country to fall deeper into debt, and then having to borrow more money to service the debt.

The president said that in negotiations that begin next week with "involved parties" regarding the debt, Mexico would adhere to four basic points. The first is "adjustment of the debt service to Mexico's real capacity for payment."

The president also called for the creation of an efficient method to repay future financing and to reduce its costs, as well as the opening of foreign markets that will permit Mexico's economy to grow.

From an initial investment of \$1 billion, the Mexican government has now invested \$1 billion in the United States and the European Community has engaged in unfair trade practices that had hurt Latin American nations, Renteria reported from Buenos Aires.

"While the foreign debt of developing countries grows as a result of outrageous interest rates, the cost of their export products is kept at unprecendented levels," they said in a joint statement issued at the end of a visit by the Semestre a Community had caused a fall of as much as 40 percent in export prices and had led to unemployment in Argentina and Uruguay.

Mr. de la Madrid said that in its financial relations with other countries, Mexico "has not resorted to confrontations which benefit no one and has refused to engage in unilateral relations with countries that value outside the country."

He said that in 1986, Mexico would strictly adhere to its austere budget.

But he added, "The adjustment also calls for the international community, who have been jointly responsible for the process of indebtedness."

Japan's Output Of Electronics Rises Only 5.6%

Agence France-Press

TOKYO — Japan's electronics production in January rose 5.6 percent in 1985 to 17.84 trillion yen (\$98 billion), according to data from the Electronics Industries Association of Japan.

It was the first annual gain of less than 10 percent since 1982, when the increase was 5.2 percent, the association said Saturday.

The association officials attributed the slow growth to lackluster performances in three main product lines — videotape recorders, computers and integrated circuits. Japanese manufacturers have been forced to look to new products because of shortages of chips of videotape recorders.

The report said that the production of integrated-circuit chips rose 6.0 percent to 1.84 trillion yen and exports plunged 25.1 percent to \$81.8 billion, the first drop in 11 years.

Production and exports of VTRs also registered the first annual growth since the previous year, it said.

India's Family Fast-Food Dynasty

Sons Bring U.S. Style and Lamburgers to New Delhi

By Sanjoy Hazarika

NEW DELHI — As Lakshmi Chand Nirula, the white-haired patriarch of the family running India's best-known pizza and fast-food chain, tells it, he and his brother went into the restaurant business here more than 30 years ago because their cook had run away.

"We got tired of eating at different restaurants and so we decided to start a place of our own," said Mr. Nirula, the 77-year-old chairman of Nirula's, the restaurant network. "Accommodation was cheap and easily available."

But while Mr. Nirula and his 72-year-old brother, Madan, are still on the chain's board of directors, it is the younger Nirulas who are credited with changing the family's place in 1977 from traditional, sit-down restaurants to sleek and shiny fast-food outlets.

The elder Nirula brothers bought their first hotel and restaurant in 1934, Lakshmi Chand Nirula was the founder of the family dynasty, and his younger brother was a professional photographer who made a living by taking pictures of the country's elite with the British viceroy.

There were few hotels and restaurants at the time in New Delhi, which was still being built and had a population of less than half a million. Today, some of the country's best and most expensive hotels are situated in the capital, which has expanded rapidly and now is home to an estimated seven million people.

From an initial investment of \$1 million, the Nirula family has become a multimillion-dollar operation. In the process, the family has built a reputation as India's best-known purveyor of American-style fast food.

"We came in at the right time with the right product and at the right place," said Deepak Nirula, 33, the managing director responsible for operations. He is the son of Madan Nirula, who is the owner of the chain.

Today, New Delhi has nine Nirula outlets, including a pizzeria and ice cream parlors, and three more are planned for the capital this year. In Karnataka, the capital of Nepal, there is already a Nirula outlet, as is the capital of Uttar Pradesh, where the family's pizza place is called.

Both Lalit and Deepak have degrees in hotel and restaurant administration from Cornell University in Ithaca, New York, and they worked at hotels in the United States and Europe before coming home.

"We don't cater to any one group or generation," said Lalit Nirula. He has a wide range of food for the whole family.

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Draft Settlement Reached to End World Tin Crisis

By Alexander Moxey

LONDON — A draft settlement to end the four-month-old world tin trade crisis has been reached by producer and consumer nations and their creditors.

The breakthrough in the disagreement among the 22-country International Tin Council and creditor banks and brokers came on Monday after 10 hours of talks.

Representatives for the TTC producers and consumers were to present an outline of the settlement to their governments over the weekend and on Monday to hear the result.

The agreement, according to TTC delegates, appeared to have at least a moderate chance of success. The world's largest tin-trading market, suspended trading on Oct. 34 after the TTC, the industry's cartel, said it had no more money to support prices.

Negotiators agreed to keep the details of the draft agreement confidential.

But it is based on a plan put forward by Peter Graham, a senior deputy chairman of Standard Chartered Bank PLC, and Ralph Kestelbaum, managing director of Kestel Metals Ltd., who have been negotiating on behalf of the creditor banks and brokers.

It envisages establishing a company, to be known as Newco, to take up the surplus TTN stock, totaling about \$5,000 million (93,500 short tons), and dispose of it gradually over about three years to avoid a sudden price collapse.

The creation of Newco would require capital of £270 million (\$380 million).

Brokers and bankers wanted the TTC to put up £120 million, but TTC negotiators went into tin trading sticking to an earlier offer of £100 million.

There has been speculation that British banks have been asked to provide conditional financial support, might have been asked to help bridge the gap.

Profits for producers of £50 million if the council as a whole put in £120 million. Other European countries had argued that Britain should increase its share in order to safeguard the future of the London exchange.

Then the import tide rushed in. In the last five years, "independent" refineries were going out of business but now they are coming back.

But the independent refineries have been going out of business but now they are coming back. They are going out of business but now they are coming back.

Others, like Champlain Petrochemical, a subsidiary of Union Pacific, and Coastal Refining, have been able to sell refined products to integrated companies like Shell, and have been able to continue operating at high percentages of capacity. Because of the plunging crude prices, Shell's refinery output.

The improving prospects have been a long time coming. Refiners had been dropping into oblivion in increasing numbers since 1981, when oil prices were fully controlled and a winter of arcane subsidies were ended.

The well-being of the independent refineries in this new environment depends even more on their access to cheap feedstocks. In Clio's case, competing equally means access to cheap Venezuelan crude. Under a letter of intent signed earlier this month Southland will sell 50 percent of the equity in Clio to Petróleos de Venezuela, S.A.

U.S. Study Finds More S&Ts Slipping Into Insolvency

WASHINGTON — Twenty-seven U.S. savings and loan institutions slipped into insolvency in the first half of 1985, bringing to 461 the number of S&Ls whose assets fall short of their liabilities, according to a Federal Reserve report.

The report, to be released Monday, said the gap between the assets and liabilities grew \$100 million to \$3.4 billion in the first six months of 1985.

Under U.S. regulatory rules, the insolvent thrifts should be merged with healthy ones. But the beleaguered Federal Savings and Loan Insurance Corp., the agency that insures depositors against loss, cannot afford to cover the mounting losses.

Representative Stanford E. Harris, a Republican of Virginia, who is a member of the House Banking Committee, said Saturday that the severity of the crisis suggests that the chairman of the Federal Reserve, Alan Greenspan, has "done nothing to fix the problem and should consider tendering his resignation." The bank board regulates S&Ls.

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LUXEMBOURG IN THE NEWS

A report for international decision-makers

■ I/86

Luxembourg building on solid ground as an international financial center

BY KARL GRUEN

Three distinctive trends continue to govern money and capital markets: Barriers between domestic and international markets are being dismantled; traditional bank lending is being fused with, if not substituted by, standardized financing vehicles; and the increasing use of innovative investment and lending techniques is both cause for and consequence of a more sophisticated environment provided by governments and supervisory authorities.

Luxembourg as a financial center is proving that it is well placed and well prepared to meet the challenges arising from such developments of the future.

The emergence of a truly global marketplace for finance, the growing securitization of money and capital flows and, within that process, the increasing awareness of the need for deregulating market structures and practices without financial anomalies are having profound effects on all financial centers. Luxembourg is no exception. Indeed, some of the changes have been and still are most visible in this member country of the European Community.

Luxembourg moving forward

Luxembourg is coming to grips with most of the new challenges. Old and new financial institutions have been demonstrating a degree of flexibility and ingenuity that has earned them respect and admiration both from competitors in other centers and from discerning clients.

The unique attractions of Luxembourg are a combination of factors that all fall under these categories: reliability, quality and flexibility. Add to this the natural advantages of easy accessibility due to its geographical location and a long-established tradition as a neutral meeting place for ideas, cultures and trade, and it is clear why the international financial center of Luxembourg is, contrary to some misconceptions, alive and kicking—and growing.

Over the past five years, it has become fashionable to link the viability of Luxembourg as a financial center to the relative decline in the importance of the Eurodollar business or, at least, Eurodollar's declining profitability for the banks involved. Yet, Luxembourg's international banking community did experience only modest growth in balance sheet totals—as did banks all around the world that were faced with the shock consequences of over-exposure to doubtful or high-risk international risks. But with a share of slightly less than about 9 percent of the total for European banks in the BIS reporting scheme, it does rank third after the United Kingdom and France, an unchallenged position it already held five years ago.

Diverse service potential

Each of the 119 banks in Luxembourg, 407 among them subsidiaries or branches of foreign banks, has, of course, its distinct reasons for maintaining its presence there. The pursuit of wholesale business may still be the dominant objective for some of them. Others regard Luxembourg as a natural location from which to service their commercial clients in neighboring countries. In addition, an increasing proportion of foreign banks have been and are exploring new areas of activities in the context of private banking. As elsewhere, fee earning business has become the key word for the eighties.

The shift in emphasis is not always evident from just examining balance sheets. The Institut Monétaire Luxembourgeois, for instance, stopped including fiduciary accounts in the overall banking statistics since 1984. But one important new feature is obvious to everybody: the ratio of interbank to non-bank deposits has changed dramatically. From an average of

almost 9:1 in 1979, it has declined to below 4:1 in 1985. The implications are that refinancing of the Luxembourg banks' lending business is becoming less expensive and that in general terms the commercial and private clientele is increasingly using Luxembourg for international transactions.

The explosive growth of the market for international securities is reflected in a quite remarkable share of the business for Luxembourg-based institutions. Indeed, just as Luxembourg was involved in the very birth of the Eurodollar bond market in 1965, so the more recent upsurge in the importance of ECU-denominated instruments must also be credited to the pioneering spirit of Luxembourg.

Today the share of Luxembourg-based issuers of public international bond issues is as impressive as ever—and increasing. In the first half of 1985, it stood at 31.5 percent for the total of all new Eurodollar issues against 25.4 percent in 1984, 22.7 percent in 1983 and 16.3 percent in 1982. In absolute terms, the deals with a Luxembourg connection amounted to the equivalent of \$20.8 billion out of a world total of \$85.5 billion in the first half of this year, compared with \$16.8 billion (\$7.5 billion) in 1984 as a whole and \$5.1 billion (\$2.5 billion) in 1979. Moreover, 65 percent of all Eurodollar public issues have a Luxembourg listing.

For some market sectors, including the ECU-denominated bonds, the record is even more impressive. Bond issues denominated in the European Currency Unit have, within the last three years, consistently risen in importance. ECU bonds meanwhile make up the third largest sector in the international bond market after US dollar and DM issues. In 86 percent of all ECU issues since 1981 Luxembourg institutions play a decisive role, and almost without exception, all the ECU issues are listed on the Luxembourg Stock Exchange.

Private banking on the rise

The approach to this field of activity varies, but a clear pattern seems to be emerging. While there are still a number of banks that most probably will continue to concentrate on wholesale business and/or to offer trade-related services, many banks in recent years have begun to step up the development of their private banking business. Some of these, mostly long-established banks with strong domestic roots, have no difficulty offering home grown full service facilities complemented by a strong international presence in other centers. Other banks, as a rule usually those that are part of a large network of multinational banks, confine themselves to the role of personal advisory posts channeling individual customer requests through to their own worldwide system of research and special services.

Thus, from money market and foreign exchange operations to Eurofinancing, from the establishment of offshore holding companies to assistance in all types of trade financing, from the buying and selling of securities and precious metals to trust administration and to portfolio management—Luxembourg-based financial institutions are outgrowing earlier perceptions of their existence.

Record of stability

The Grand Duchy enjoys a very high degree of stability. Its political and social structures reflect traditional values such as liberty, pragmatism and diligence, and are supported by a sound constitutional and legal framework. The country's labor relations record is exceptionally good. Government finances are healthy. Inflation

and unemployment levels are decisively below European averages. There are no restrictions on capital transactions. The principle of strict confidentiality in banking is stipulated by law. Furthermore, Luxembourg does not have withholding tax on interest.

The international outlook of the people of Luxembourg comes naturally and is firmly rooted in Europe's history. The independent status of the Grand Duchy, first recognized by international treaty in 1867, has been a stimulus for making Luxembourg the seat of major financial EC institutions, such as the European

Investment Bank, Directorate General for Credit and Investments of the EC Commission and European Fund for Monetary Cooperation. It is also the home of the Secretariat of the European Parliament, the European Court of Justice, the European Court of Auditors, and the European Office for Official Publications.

The Government, including the regulatory and supervisory authorities for the banks and other financial organizations, has consistently demonstrated a high degree of competence combined with pragmatism in safeguarding the soundness and integrity of the financial system.

Facts about Luxembourg

Area	2,586 square kilometers (approx. 999 square miles)
Population	360,000, including 96,000 resident foreigners
Working population	150,000, including 35,000 commuters from neighboring countries
Employment by sector	Industry — 40,000 Construction — 14,800 Agriculture — 7,000 Services — 57,800
Government	Constitutional monarchy with parliamentary democracy
Main political parties	Christian Social, Socialist, Liberal Democratic
Languages	French, German, English, Luxembourgish
Currency	Luxembourg Franc (Lfr.)
GDP per capita	Lfr. 564,000 (US \$15,000)
Number of banks	119
Total bank assets	Lfr. 7,478 billion (US \$136.71 billion, September 1985)

"Solidity Combined with Flexibility"

Interview with
Remy Krenner,
President of the Association des Banques et Banquiers Luxembourgeois (ABBL) on the future of Luxembourg as an international financial center.

Question: Reviewing bank balance sheet totals, growth overall seems to have slowed down. What are the implications for Luxembourg as a major international banking center?

Krenner: Slowdown in asset growth is a universal development common to most institutions active in international lending. Luxembourg banks with their historically strong positions in Eurodollar, are no exception but the emphasis is more than ever on quality rather than growth. In its regular quarterly statistics, the Bank for International Settlements recently reported only "modest" increases in external assets by banks in the U.S., Canada, France, Germany, Italy, Switzerland and the United Kingdom, whereas banks in Luxembourg were reported to have shown "significant" external asset growth.

Question: What does this growth imply?

Krenner: First, a global shift in banking activities cannot be associated with the services of one particular center only. Second, Luxembourg's important role as a Eurocenter is reconfirmed. And third, balance sheet totals alone do not necessarily reflect the soundness or viability of an enterprise. In the case of Luxembourg, for instance, one should bear in mind that lending to Western borrowers makes up almost three-quarters of the banks' total lendings. In addition, modest net profits in many cases may well be the result of prudent policy in regard to loan loss provisions. Another important measure of quality is also not reflected in balance sheets, namely the growth in fee income.

Question: What specific areas represent substantial growth potential for banks in Luxembourg?

Krenner: Each bank has, of course, its own strategy. However, Eurodollar lending, for a number of banks, continues to be a solid base from which to branch out into other service activities. Currency dealing, trade-related services as well as the issuing and placing of international capital market instruments will continue to be key activities. For an increasing number of Luxembourg-based banks, private banking will only account for a greater share of their activities.

Question: What's the special appeal of Luxembourg for private banking?

Krenner: The positive trend over the past five years has clearly demonstrated that Luxembourg-based banks and financial institutions have excellent potential to broaden this service aspect and build on an already impressive tradition. Our political and social environment is stable. The country's legal and fiscal framework is attractive and reliable. Our banking legislation provides a degree of confidentiality second to no other international financial center. Customers are assured of being served by a professional and highly motivated multinational staff. We have the necessary infrastructure. Fees at all levels are competitive in comparison with those of other centers.

Question: With the emphasis on more and more securitization, will Luxembourg's traditional strength in providing services to the Eurodollar markets lose some of its appeal?

Krenner: As more and more investors and borrowers turn to securities as an effective means for channeling funds, competition for providing the necessary services will grow. We are not preoccupied with "market share" as long as Luxembourg business thrives in absolute terms. When the Eurodollar market was born, Luxembourg was an integral part of that process. In view of the market's global development, today's some one-third share of Luxembourg participations in the launching of public Eurodollar issues is still very decisive. The same applies to Luxembourg's key position in having made ECU bond issues the third largest sector in international capital markets, after the US dollar and the DM.

Question: What makes you so confident that Luxembourg can meet the challenge of rapidly growing diversification and sophistication in international money and capital markets?

Krenner: Luxembourg's involvement in the Eurodollar market, and particularly its role in the rise of the ECU from a mere basket currency unit to a widely accepted investment vehicle, underlines our sector's creative and innovative potential. Moreover, the universal bank character of the majority of financial institutions in Luxembourg allows for quick adaptability to changing business conditions. As for so-called innovations, Luxembourg's banks are, of course, equipped to serve clients who want to use the latest financing and/or investment instruments. But both our banking authorities and the banks themselves will continue to exercise caution and judiciously evaluate these instruments. Luxembourg banks have developed a profound understanding of the needs of international clients and know that they expect, first and foremost, solidity combined with flexibility.

Luxembourg makes private clients feel welcome.

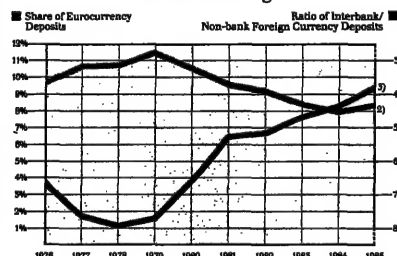
For many international investment advisors and portfolio managers, life begins with large sums. Their highest ambition is to serve either institutional investors or wealthy individuals, ideally both. Knowledgeable international clients, with large and not so large amounts to invest, are increasingly demanding that professionalism and personalized service go hand in hand: in Luxembourg, the number of private clients is swelling and this is one of the main reasons.

For at least two-thirds of the 119 banks registered in Luxembourg, private banking is a significant part of their business, although most of them still rely heavily on wholesale banking.

Luxembourg has a tradition in private banking. For many years, the Luxembourg banks have successfully served both domestic and international clients. The proverbial Belgian dentist, that retail investor in the Eurodollar market who allegedly purchased vast numbers of Eurobonds never to sell them again, was seen around Luxembourg long before the beginning of this decade when more and more foreign-owned banks operating in Luxembourg began to strengthen their private banking capabilities.

With international investors becoming more sophisticated, the species of the facilities compare favorably with those in global money and capital markets in general. Since the end of 1981 alone, 66 new funds have been added to the list of officially registered funds now totaling 147. At the end of June 1985, their total assets amounted to the equivalent of Lfr. 478.5 billion (US \$7.69 billion), almost six times the average during the seventies.

Growth of Private Banking Deposits¹⁾ in Luxembourg



1) Luxembourg banks' share of Eurocurrency deposits in percent of total for European banks reporting to BIS: Belgium, France, Germany, Luxembourg, Netherlands, Sweden, Switzerland, United Kingdom. From 1977 also Austria, Denmark, Ireland. From 1985 also Finland, Spain, Norway.

2) End June. 3) End September.

Sources: Institut Monétaire Luxembourgeois, Bank for International Settlements.

Private banking in Luxembourg has a number of distinct advantages. These include very competitive banking and brokerage fees, for international clients the freedom from tax on their investments, and the absence of transaction taxes on secondary market dealings. Luxembourg is also one of the rare places in the world where there are no tax charges on the purchase of precious metals. Moreover, foreign holding companies have for many decades enjoyed relatively low taxes for their incorporation and annually after that.

One of the most important "structural" advantages Luxembourg has built for itself and its international clients in recent years, however, is its banking legislation. The Banking Act of 1981, for the first time, formally acknowledged a long standing tradition of confidentiality in the relation of bankers with their customers. The provisions of that legislation compare very favorably with anything similar in other financial centers. For everybody to whom confidentiality in money matters is important, it is more than reassuring that bank secrecy as such is legally institutionalized.

Impressive as all these advantages are, they still do not fully explain why more and more international investors are choosing Luxembourg for their private banking needs. Luxembourg banks do not claim a monopoly on efficiency. But they rightly can point out that they have, in addition to their broad range of service facilities, one important psychological weapon in their arsenal. Customers, big and small, are made welcome not only with competitive fees, professionalism and flexibility, but also with a very personalized approach which has become the hallmark of most of the Luxembourg institutions. As one not unimportant investor put it recently: "When I'm in Luxembourg, I do not have to prove first that my net worth is at least half a million before I am offered a seat."

Mr. Jacques Grosjean, Press Secretary, ABBL, Luxembourg Bankers Association, B.P. 15, L-2010 Luxembourg.

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Company: _____
Address: _____



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Luxembourg Banking in Brief

	1975	1981	1982	1983	1984	1985 ¹⁾
Number of banks	78	115	115	114	115	119
of which foreign	94	102	108	102	105	107
Number of employees	2,846	8,089	8,089	8,084	9,388	8,678
% of working population	3.7	5.0	5.4	5.7	5.9	6.0
Balance sheet totals (Lfr. billion)	64.8	87.7	88.0	89.3	88.0	88.4
Foreign currency liabilities as %	65.6	86.5	86.7	87.5	87.6	86.7
Foreign currency liabilities as % of assets ²⁾	9.5	10.5	10.3	9.5	9.1	9.5
Share in Euromarkets % of assets ³⁾	21.2	30.1	30.0	17.3	17.5	17.6
of which on the non-bank sector	9.0	8.3	8.0	8.1	7.2	8.1
Share in Euromarkets % of liabilities ³⁾	10.5	7.7	6.4	5.5	5.5	7.1
of which on the non-bank sector	40.7	21.6	18.3	32.7	25.4	31.3
Share in Eurodollar mgmt. groups (%)	62.6	45.4	47.9	61.9	57.5	61.8
Eurobonds with Luxembourg listing (%)	62.6	45.4	47.9	61.9	57.5	61.8

1) End of September 1985, except for number of employees, which are for end of June 1985.
2) Share of Eurocurrency liabilities as percent of total for European banks reporting to BIS by 15 European countries: Belgium, France, Germany, Luxembourg, Netherlands, Sweden, Switzerland, United Kingdom, Norway and Spain.
3) Sources: Institut Monétaire Luxembourgeois, Bank for International Settlements.

International Bond Prices

(Continued from Page 9)

Country	Bond	Yield	Price	Change
FRANCE	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
GERMANY	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
JAPAN	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00

DM STRAIGHT BONDS

Country	Bond	Yield	Price	Change
AUSTRALIA	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
	100 A\$	10.00	100.00	0.00
CANADA	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00
	100 C\$	10.00	100.00	0.00

NASDAQ National List

OTC consolidated trading for week ended Friday.

Symbol	1986 High	1986 Low	Last	Chg
AAVE	10.00	9.00	9.50	-0.50
AB	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50
ABT	10.00	9.00	9.50	-0.50

Country	Bond	Yield	Price	Change
FRANCE	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
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	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
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	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
JAPAN	100 Yen	10.00	100.00	0.00
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	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00

CONVERTIBLE BONDS

Country	Bond	Yield	Price	Change
FRANCE	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
GERMANY	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
JAPAN	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00

HIGHEST CURRENT YIELDS
On convertibles having a conversion premium of less than 10%.

Country	Bond	Yield	Price	Change
FRANCE	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
	100 Franc	10.00	100.00	0.00
GERMANY	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
	100 Mark	10.00	100.00	0.00
JAPAN	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00
	100 Yen	10.00	100.00	0.00

The Daily Source for International Investors.



New Eurobond Issues

Compiled by Nicole Baruch from information supplied by European bond traders.

Issuer	Amount (millions)	Maturity	Coupon %	Price	Price and weak	Terms
FLOATING RATE NOTES						
National Bank of Canada	\$150	1998	1/4	100	99.65	Over 6-month Libor, Callable at par after 1991. Fees 0.07%.
Oil & Natural Gas Commission of India	\$125	1996	3/16	100	—	Over 6-month Libor, Callable at par in 1989 and redeemable at 100.00% in 1990. Fees 0.07%.
National & Provincial Building Society	\$200	1996	1/4	100	98.80	Over 6-month Libor, Callable at par after 1991. Fees 0.07%.
Friess-Grünig-Hypothekbank	\$975	1989	3/16	100	—	Over 6-month Amsterdam interest rate. Noncallable. Floating Rate Swiss Francs. Divided into three equal parts of three, five, five year paper.
FIXED-COUPON						
Amoco	\$200	2016	9/4	100	97.50	Noncallable at 105 after 1996. Fees 20%.
Atlantic Richfield	\$300	1993	9/4	99/4	—	Noncallable. Fees 18%.
Avon Capital Corp.	\$100	1989	8/4	100/8	98.75	Noncallable. Also 100,000 warrants, priced at \$15 each, exercisable into 2% noncallable bond of 1993. Lateral bond can be bought with warrants plus half bond during the first nine years. After with warrants and cash. Fees 18%.
Banque Indosuez	\$100	1991	8/4	100/4	—	Noncallable. Fees 18%.
Banque Paribas	\$125	1993	8/4	99/4	98.13	Callable at par after 1990. Fees 18%.
BP Capital	\$75	1994	9/4	100/4	—	Noncallable. \$25 million notional at a company rate. Fees 2%.
De Barmelo Capital Corp.	\$100	1996	9/4	100/4	98.80	Callable at 101/16 after 1993. Guaranteed by Barmelo Trust. Fees 2%.
Fletcher Challenge	\$100	1993	9/4	100/4	99.62	Noncallable. Fees 18%.
Nippon Credit Bank	\$150	1991	8/4	100/4	98.37	Noncallable. Fees 18%.
Nippon Finance	\$150	1993	9/4	101/16	98.37	Noncallable. Fees 18%.
Phillips Globaltemp.	\$100	1996	8/4	100	98.25	Noncallable. Fees 2%.
South Australia Finance Authority	\$100	1993	8/4	100	—	Noncallable. Fees 18%.
Sweden	\$200	1996	8/4	100	98.40	Noncallable. Fees 2%.
World Bank	\$300	2016	9/4	100	98.75	Noncallable. Fees 20%.
Deutsche Bank Finance	\$50	1991	10/4	100/4	99.75	Noncallable. Fees 18%.
General Motors Acceptance Corp. Finance	\$75	1991	11	100/6	99.00	Noncallable. Increased from \$50 million. Fees 18%.
MEPC PLC	\$50	1993	11/4	100	97.50	Noncallable. Fees 2%.
Phillips Finance	\$50	1993	10/4	100	98.12	Noncallable. Fees 18%.
Australia	\$400	1996	6/4	100/4	—	Callable at 102/16 in 1994 and 103/16 in 1996. Fees 20%.
Australia	\$400	1996	5/4	100/4	—	Noncallable private placement. Fees 1%.
Chrysler Financial Corp.	\$400	1996	6/4	100/4	—	Noncallable. Fees 20%.
World Bank	\$400	1996	6/4	100/4	—	Noncallable. Part of five-currency package primarily placed with banks around the world.
Inco	\$100	1994	9/4	100/4	98.13	Noncallable. Fees 18%.
Trinity Corp.	\$100	1995	9/4	100	98.00	Noncallable. Backed as secured debentures. Fees 2%.
Avco	\$400	1991	10/4	100/4	98.62	Noncallable. Fees 18%.
Canadian National Railways	\$100	1994	9/4	100	98.20	Noncallable. Fees 2%.
General Motors Acceptance Corp. Canada	\$100	1991	10/4	100/4	99.00	Noncallable. Fees 18%.
TD Mortgage	\$350	1991	10	100/4	98.40	Noncallable. Fees 18%.
Commerzbank Capital Markt	\$400	1991	14/4	100/4	98.38	Noncallable. Fees 2%.
Denmark	\$10,000	1996	6/4	100/4	98.25	Noncallable. Backed as secured debentures. Fees 2%.
Norwegian Steel Corp.	\$10,000	1996	7/4	101	—	Noncallable. Backed as secured debentures. Fees 2%.
BOND-INDEXED						
Aoki	\$100	1991	open	100	108.75	Coupon indexed at 40%. Noncallable. Back \$50,000 bond with an interest rate of 10% and a call option at 104 after 1987. Convertible into shares of Aoki Corp. at \$22.50 per share, a 21.39% premium. Fees 20%.
Centrust Savings Bank	\$35	2001	7	100	100.75	Subordinate at 105% after 1991 and callable at 104 after 1997. Convertible into shares of Centrust Savings Bank at \$22.50 per share, a 21.39% premium. Fees 20%.
Fairmont Financial	\$20	2001	open	100	—	Coupon indexed at 40%. Noncallable. Back \$50,000 bond with an interest rate of 10% and a call option at 104 after 1987. Convertible into shares of Fairmont Financial at \$22.50 per share, a 21.39% premium. Fees 20%.
Generale	\$80	1993	open	100	—	Coupon indexed at 40%. Noncallable. Back \$50,000 bond with an interest rate of 10% and a call option at 104 after 1987. Convertible into shares of Generale at \$22.50 per share, a 21.39% premium. Fees 20%.
Cheniere	\$75	2001	7/4	100	—	Callable at par after 1989. Convertible into company's shares at \$22.50, a 19.62% premium. Fees 20%.
Hawley Group	\$80	2001	8/4	100	100/4	Callable at par in 1993 and redeemable in 1995 to yield 10%. Sweden. Backed as secured debentures at \$15.50, a 13% premium. Fees 20%.

Oil-Price Fall Lowers Rates On Treasury Bonds, Bills

By H.J. Maidenberg
New York Times Service
NEW YORK — The erosion in oil prices has seen Treasury bond prices shooting upward and pushed yields to their lowest levels since early 1979.

Treasury bill discount rates also fell on Friday, despite action that is

U.S. CREDIT MARKETS

Federal Reserve to drain reserves from the banking system.

At the close, the bellwether Treasury long-term bond was offered at a price to yield 8.70 percent, down from 8.85 percent on Thursday and 8.95 percent a week earlier. But the discount rate on 90-day Treasury bills fell 13 basis points, to 6.98 percent.

The advance in Treasury bonds buoyed prices of top-notch tax-exempt bonds by as much as 3/8 percent.

The length of the corporate debt market, encouraged many companies to offer a large volume of fixed-rate securities in all, despite the fact that the price of oil and natural gas — whose price is tied to oil — will have between \$3 billion and \$4 billion off the value of Soviet energy exports this year.

In the Treasury debt market, buyers continued to be mesmerized by falling oil prices and paid no attention to a warning by Paul A. Volcker, chairman of the Federal Reserve Board, that the decline in interest rates might be a sign of inflation.

Volcker, however, stressed that the decline in interest rates might be a sign of inflation, but he also noted that the decline in interest rates might be a sign of inflation.

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Oil Slump May Hurt East-Bloc Borrowing

By Carl Gewirtz
International Herald Tribune

PARIS — Bankers are beginning to take a new critical look at the credit standing of East European borrowers who, with the exception of Poland, re-emerged last year as big borrowers on the international credit market.

According to data compiled by the Organization for Economic Co-operation and Development, East European borrowers borrowed \$5.24 billion last year — a jump of 55 percent over the previous year. The increase signaled a re-establishment as a good credit risk after the damage wreaked early in the decade by Poland's debt rescheduling and later by the Latin debt crisis, which put into question loans to virtually all countries outside the Western industrial world.

The current reassessment is fueled by the collapse in the price of oil and the impact that will have on the Soviet Union, a major exporter of energy, and on its client states, whose needs are affected by the Soviet difficulties.

Energy exports are the Soviet Union's leading source of income from the Western industrial world. The length of the corporate debt market, encouraged many companies to offer a large volume of fixed-rate securities in all, despite the fact that the price of oil and natural gas — whose price is tied to oil — will have between \$3 billion and \$4 billion off the value of Soviet energy exports this year.

In the Treasury debt market, buyers continued to be mesmerized by falling oil prices and paid no attention to a warning by Paul A. Volcker, chairman of the Federal Reserve Board, that the decline in interest rates might be a sign of inflation.

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OTC Consolidated trading for week ended Friday

[illegible]

ended at close of trading Friday

A		B		C		D		E		F		G		H		I		J		K		L		M		N		O		P		Q		R		S		T		U		V		W		X		Y		Z																																																	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100

(Continued on Page 13)

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

(Continued from Page 12)

Symbol	1984 High	1984 Low	Close	Change
AA	10 1/2	10 1/4	10 1/2	0
ABC	10 1/2	10 1/4	10 1/2	0
ABT	10 1/2	10 1/4	10 1/2	0
AC	10 1/2	10 1/4	10 1/2	0
ACB	10 1/2	10 1/4	10 1/2	0
ACC	10 1/2	10 1/4	10 1/2	0
ACE	10 1/2	10 1/4	10 1/2	0
ACF	10 1/2	10 1/4	10 1/2	0
ACG	10 1/2	10 1/4	10 1/2	0
ACH	10 1/2	10 1/4	10 1/2	0
ACI	10 1/2	10 1/4	10 1/2	0
ACJ	10 1/2	10 1/4	10 1/2	0
ACK	10 1/2	10 1/4	10 1/2	0
ACL	10 1/2	10 1/4	10 1/2	0
ACM	10 1/2	10 1/4	10 1/2	0
ACN	10 1/2	10 1/4	10 1/2	0
ACO	10 1/2	10 1/4	10 1/2	0
ACP	10 1/2	10 1/4	10 1/2	0
ACQ	10 1/2	10 1/4	10 1/2	0
ACR	10 1/2	10 1/4	10 1/2	0
ACS	10 1/2	10 1/4	10 1/2	0
ACT	10 1/2	10 1/4	10 1/2	0
ACU	10 1/2	10 1/4	10 1/2	0
ACV	10 1/2	10 1/4	10 1/2	0
ACW	10 1/2	10 1/4	10 1/2	0
ACX	10 1/2	10 1/4	10 1/2	0
ACY	10 1/2	10 1/4	10 1/2	0
ACZ	10 1/2	10 1/4	10 1/2	0
ADA	10 1/2	10 1/4	10 1/2	0
ADB	10 1/2	10 1/4	10 1/2	0
ADC	10 1/2	10 1/4	10 1/2	0
ADD	10 1/2	10 1/4	10 1/2	0
ADE	10 1/2	10 1/4	10 1/2	0
ADF	10 1/2	10 1/4	10 1/2	0
ADG	10 1/2	10 1/4	10 1/2	0
ADH	10 1/2	10 1/4	10 1/2	0
ADI	10 1/2	10 1/4	10 1/2	0
ADJ	10 1/2	10 1/4	10 1/2	0
ADK	10 1/2	10 1/4	10 1/2	0
ADL	10 1/2	10 1/4	10 1/2	0
ADM	10 1/2	10 1/4	10 1/2	0
ADN	10 1/2	10 1/4	10 1/2	0
ADO	10 1/2	10 1/4	10 1/2	0
ADP	10 1/2	10 1/4	10 1/2	0
ADQ	10 1/2	10 1/4	10 1/2	0
ADR	10 1/2	10 1/4	10 1/2	0
ADS	10 1/2	10 1/4	10 1/2	0
ADT	10 1/2	10 1/4	10 1/2	0
ADU	10 1/2	10 1/4	10 1/2	0
ADV	10 1/2	10 1/4	10 1/2	0
ADW	10 1/2	10 1/4	10 1/2	0
ADX	10 1/2	10 1/4	10 1/2	0
ADY	10 1/2	10 1/4	10 1/2	0
ADZ	10 1/2	10 1/4	10 1/2	0

NYSE Most Active

Symbol	1984 High	1984 Low	Close	Change
AA	10 1/2	10 1/4	10 1/2	0
ABC	10 1/2	10 1/4	10 1/2	0
ABT	10 1/2	10 1/4	10 1/2	0
AC	10 1/2	10 1/4	10 1/2	0
ACB	10 1/2	10 1/4	10 1/2	0
ACC	10 1/2	10 1/4	10 1/2	0
ACE	10 1/2	10 1/4	10 1/2	0
ACF	10 1/2	10 1/4	10 1/2	0
ACG	10 1/2	10 1/4	10 1/2	0
ACH	10 1/2	10 1/4	10 1/2	0
ACI	10 1/2	10 1/4	10 1/2	0
ACJ	10 1/2	10 1/4	10 1/2	0
ACK	10 1/2	10 1/4	10 1/2	0
ACL	10 1/2	10 1/4	10 1/2	0
ACM	10 1/2	10 1/4	10 1/2	0
ACN	10 1/2	10 1/4	10 1/2	0
ACO	10 1/2	10 1/4	10 1/2	0
ACP	10 1/2	10 1/4	10 1/2	0
ACQ	10 1/2	10 1/4	10 1/2	0
ACR	10 1/2	10 1/4	10 1/2	0
ACS	10 1/2	10 1/4	10 1/2	0
ACT	10 1/2	10 1/4	10 1/2	0
ACU	10 1/2	10 1/4	10 1/2	0
ACV	10 1/2	10 1/4	10 1/2	0
ACW	10 1/2	10 1/4	10 1/2	0
ACX	10 1/2	10 1/4	10 1/2	0
ACY	10 1/2	10 1/4	10 1/2	0
ACZ	10 1/2	10 1/4	10 1/2	0

AMEX Most Active

Symbol	1984 High	1984 Low	Close	Change
AA	10 1/2	10 1/4	10 1/2	0
ABC	10 1/2	10 1/4	10 1/2	0
ABT	10 1/2	10 1/4	10 1/2	0
AC	10 1/2	10 1/4	10 1/2	0
ACB	10 1/2	10 1/4	10 1/2	0
ACC	10 1/2	10 1/4	10 1/2	0
ACE	10 1/2	10 1/4	10 1/2	0
ACF	10 1/2	10 1/4	10 1/2	0
ACG	10 1/2	10 1/4	10 1/2	0
ACH	10 1/2	10 1/4	10 1/2	0
ACI	10 1/2	10 1/4	10 1/2	0
ACJ	10 1/2	10 1/4	10 1/2	0
ACK	10 1/2	10 1/4	10 1/2	0
ACL	10 1/2	10 1/4	10 1/2	0
ACM	10 1/2	10 1/4	10 1/2	0
ACN	10 1/2	10 1/4	10 1/2	0
ACO	10 1/2	10 1/4	10 1/2	0
ACP	10 1/2	10 1/4	10 1/2	0
ACQ	10 1/2	10 1/4	10 1/2	0
ACR	10 1/2	10 1/4	10 1/2	0
ACS	10 1/2	10 1/4	10 1/2	0
ACT	10 1/2	10 1/4	10 1/2	0
ACU	10 1/2	10 1/4	10 1/2	0
ACV	10 1/2	10 1/4	10 1/2	0
ACW	10 1/2	10 1/4	10 1/2	0
ACX	10 1/2	10 1/4	10 1/2	0
ACY	10 1/2	10 1/4	10 1/2	0
ACZ	10 1/2	10 1/4	10 1/2	0

EUROPEAN COMMUNITY

Chemical Industry Fights Export Controls

By Steven J. Dryden
 BRUSSELS — Compromise proposals by the European Community's executive Commission to control the export of dangerous chemicals face continued opposition from the chemical industry.

The proposals were made by the commission earlier this month after a lengthy internal debate. The debate pitted proponents of strict controls on chemical exports to the developing world against officials concerned about keeping European industry competitive in the global market for pesticides and other chemical products.

European companies are responsible for more than half of the world's pesticide exports.

Earlier draft proposals by the commission that envisioned tough export guidelines were tossed down. But Jean-Pierre Jacoby, a spokesman for the European Council of Chemical Industry Federations, said the current proposals would still create "too much uncertainty and red tape," and could not guarantee improved safety.

The proposals would require companies to notify the commission when they wish to export any of 23 substances that are banned or under strict control by EC countries. The commission would notify the country importing the chemicals, which would then decide whether to refuse, the company could proceed with shipment. This procedure would be required only once with each substance.

The proposals are to come into effect at the beginning of 1989, but the commission has proposed that it be granted a mandate in the meantime to seek an international agreement establishing similar controls.

Earlier drafts of the proposals provided for immediate application of the restrictions and a 90-day period in which countries could request the import of the substances.

EC environment ministers, who must approve the proposals, are expected to take up the issue for the first time at their June meeting. Mr. Jacoby said the chemical industry organization would argue against the requirement for prior consent from importing countries.

It is now EC commissioner for North-South relations, argued in the commission against opening the investigation. He said that in the face of the U.S. offensive, and without an EC policy on export credits, member states had little choice but to give such special aid.

Mr. Chayson was opposed by Peter Sutherland, Ireland's former attorney general who is commissioner for competition policy, and Frans Andriessen, the agriculture commissioner.

GATT Talks to Be Forum

For Textile Discussions

EC trade ministers agreed last week that the community would discuss the liberalization of world textile trade in the new round of negotiations under the General

Agreement on Tariffs and Trade. However, Spain and Portugal, important textile producers, delayed giving their final approval.

The ministers made their decision during talks on the commission's negotiating position for the extension later this year of the Multi-Fiber Arrangement, which governs the bulk of world trade in textiles and clothing. The ministers did not take a position on whether this extension would be the last, but linked this question to the new round, where the application of GATT rules to textile trade could be discussed.

Many textile-producing countries in the developing world want to see the Multi-Fiber Arrangement eliminated and unrestricted access granted to markets in industrialized nations.

India's Fast-Food Dynasty

(Continued from Page 7)

Indian varieties, such as gulab, and an ice cream parlor is planned.

Next year, the Nirlu plan to tap Bombay's vast market.

The Hot Shoppo is one of the city's most crowded eating places, packed with students and housewives, professionals and children. Pizzas, hamburgers and hot dogs are the best sellers. Rock and pop music play loudly and a digital display board indicates when orders are ready.

The Nirlu's ice cream parlors use the strawberry- and chocolate-colored polka dots that are the trademark of the Baskin Robbins chain in the United States, and they serve 21 flavors, which include traditional American ones as well as

what worried as early on as whether a strict vegetarian from the south would eat a meal standing next to a person who is chomping on a hamburger," he said, referring to Hindus, many of whom are vegetarians and usually fastidious about not eating at places where meats are cooked.

Since beef is taboo to all Hindus, the hot dogs were made of pork and the hamburgers of minced lamb.

American Exchange Options

Figures as of close of trading Friday.

Option & Price	Call	Put	Option & Price	Call	Put
AA	10 1/2	10 1/4	AA	10 1/2	10 1/4
ABC	10 1/2	10 1/4	ABC	10 1/2	10 1/4
ABT	10 1/2	10 1/4	ABT	10 1/2	10 1/4
AC	10 1/2	10 1/4	AC	10 1/2	10 1/4
ACB	10 1/2	10 1/4	ACB	10 1/2	10 1/4
ACC	10 1/2	10 1/4	ACC	10 1/2	10 1/4
ACE	10 1/2	10 1/4	ACE	10 1/2	10 1/4
ACF	10 1/2	10 1/4	ACF	10 1/2	10 1/4
ACG	10 1/2	10 1/4	ACG	10 1/2	10 1/4
ACH	10 1/2	10 1/4	ACH	10 1/2	10 1/4
ACI	10 1/2	10 1/4	ACI	10 1/2	10 1/4
ACJ	10 1/2	10 1/4	ACJ	10 1/2	10 1/4
ACK	10 1/2	10 1/4	ACK	10 1/2	10 1/4
ACL	10 1/2	10 1/4	ACL	10 1/2	10 1/4
ACM	10 1/2	10 1/4	ACM	10 1/2	10 1/4
ACN	10 1/2	10 1/4	ACN	10 1/2	10 1/4
ACO	10 1/2	10 1/4	ACO	10 1/2	10 1/4
ACP	10 1/2	10 1/4	ACP	10 1/2	10 1/4
ACQ	10 1/2	10 1/4	ACQ	10 1/2	10 1/4
ACR	10 1/2	10 1/4	ACR	10 1/2	10 1/4
ACS	10 1/2	10 1/4	ACS	10 1/2	10 1/4
ACT	10 1/2	10 1/4	ACT	10 1/2	10 1/4
ACU	10 1/2	10 1/4	ACU	10 1/2	10 1/4
ACV	10 1/2	10 1/4	ACV	10 1/2	10 1/4
ACW	10 1/2	10 1/4	ACW	10 1/2	10 1/4
ACX	10 1/2	10 1/4	ACX	10 1/2	10 1/4
ACY	10 1/2	10 1/4	ACY	10 1/2	10 1/4
ACZ	10 1/2	10 1/4	ACZ	10 1/2	10 1/4

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AC	10 1/2	10 1/4	AC	10 1/2	10 1/4
ACB	10 1/2	10 1/4	ACB	10 1/2	10 1/4
ACC	10 1/2	10 1/4	ACC	10 1/2	10 1/4
ACE	10 1/2	10 1/4	ACE	10 1/2	10 1/4
ACF	10 1/2	10 1/4	ACF	10 1/2	10 1/4
ACG	10 1/2	10 1/4	ACG	10 1/2	10 1/4
ACH	10 1/2	10 1/4	ACH	10 1/2	10 1/4
ACI	10 1/2	10 1/4	ACI	10 1/2	10 1/4
ACJ	10 1/2	10 1/4	ACJ	10 1/2	10 1/4
ACK	10 1/2	10 1/4	ACK	10 1/2	10 1/4
ACL	10 1/2	10 1/4	ACL	10 1/2	10 1/4
ACM	10 1/2	10 1/4	ACM	10 1/2	10 1/4
ACN	10 1/2	10 1/4	ACN	10 1/2	10 1/4
ACO	10 1/2	10 1/4	ACO	10 1/2	10 1/4
ACP	10 1/2	10 1/4	ACP	10 1/2	10 1/4
ACQ	10 1/2	10 1/4	ACQ	10 1/2	10 1/4
ACR	10 1/2	10 1/4	ACR	10 1/2	10 1/4
ACS	10 1/2	10 1/4	ACS	10 1/2	10 1/4
ACT	10 1/2	10 1/4	ACT	10 1/2	10 1/4
ACU	10 1/2	10 1/4	ACU	10 1/2	10 1/4
ACV	10 1/2	10 1/4	ACV	10 1/2	10 1/4
ACW	10 1/2	10 1/4	ACW	10 1/2	10 1/4
ACX	10 1/2	10 1/4	ACX	10 1/2	10 1/4
ACY	10 1/2	10 1/4	ACY	10 1/2	10 1/4
ACZ	10 1/2	10 1/4	ACZ	10 1/2	10 1/4

Chicago Exchange Options

Figures as of close of trading Friday.

Option & Price	Call	Put	Option & Price	Call	Put
AA	10 1/2	10 1/4	AA	10 1/2	10 1/4
ABC	10 1/2	10 1/4	ABC	10 1/2	10 1/4
ABT	10 1/2	10 1/4	ABT	10 1/2	10 1/4
AC	10 1/2	10 1/4	AC	10 1/2	10 1/4
ACB	10 1/2	10 1/4	ACB	10 1/2	10 1/4
ACC	10 1/2	10 1/4	ACC	10 1/2	10 1/4
ACE	10 1/2	10 1/4	ACE	10 1/2	10 1/4
ACF	10 1/2	10 1/4	ACF	10 1/2	10 1/4
ACG	10 1/2	10 1/4	ACG	10 1/2	10 1/4
ACH	10 1/2	10 1/4	ACH	10 1/2	10 1/4
ACI	10 1/2	10 1/4	ACI	10 1/2	10 1/4
ACJ	10 1/2	10 1/4	ACJ	10 1/2	10 1/4
ACK	10 1/2	10 1/4</			

SPORTS

Baseball Springs Eternal, For Players Present and Past

By Peter Alfano
New York Times Staff

A Diamond Can Be a Boy's Best Friend, Too

VERO BEACH, Fla. — The Duke of Flushing was wearing a spanking white Dodger uniform and blue windbreaker, both a couple of sizes larger than he wore in the old days. He looked regal just the same. His face was bright with a first coat of spring sunshine and his eyes were sparkling under a baseball cap as he watched the game unfold on one of several well-lit rooms playing fields at Dodgerstown.

Duke Snider, the Duke, as he was known in Brooklyn during his heyday in the 1950s, batted with the players on the field and cheerfully signed autographs for the fans on a chamber of commerce kind of day. In the springtime, Snider's fancy still turns to baseball. This is one oldtimer who discovered long ago that a diamond can be a boy's best friend, too.

Throughout Florida and Arizona on Friday, spring training officially began as the pitchers and catchers reported to their respective teams. The rest of their teammates will be arriving within a week. For the millions of baseball fans — those living in sun belts and snow belts alike — it is a sign they are suffering the last indignities of winter.

It is like a law of nature: In February, baseball players migrate to Florida and Arizona. They're like the birds, they come and they go,

said Ben Scrimson, a grounds keeper at the Joan Payson complex in St. Petersburg, Florida, where the New York Mets train.

"It's quiet now," Scrimson said. "You don't hear any more of the racket from the Mets' arrival here. It's like a static field."

"Spring training means flowers, people coming outdoors, sunshine, optimism and baseball. Spring training is a time to think about being young again," said Ernie Banks, the Hall of Fame shortstop who was in Vero Beach, Florida, taking part in one of those popular fantasy camps in which Dodger fans paid \$5,000 each to spend a week living the life of a ballplayer, culminating with a game against 16 Hall of Famers.

Soon, there will be seen newspaper photographs and television news showing the players performing. They will be seen galloping like fishy eels across the outfield grass, thoughts of 40-game seasons dancing in their heads. They will be practicing batting practice baseballs over the fences in Russian displays of power. They will not yet have been disconnected by the first curve ball of spring.

Spring training is a tradition, a ritual that lasts for a month and a half — much longer than necessary. Given the salaries they command and the investment they represent, players are now required to keep fit all year round, unlike in the years when they were too busy holding off season jobs to pay much attention to their condition.

Thus, the workouts and games can be boring after a while. "It's like going back to school," Snider said. But who is going to argue with tradition?

Besides, most of the players do not mind leaving the school behind. Spring training is a time they anticipate soon after the new year arrives. It is one of the constants in their lives, a security blanket. They look forward to greasing skates, rowing scumminess in the locker-room atmosphere that players find as comfortable as being in their homes.

For them, spring training also represents a fresh start, either a chance to start over, or an opportunity to perpetuate last year's success. Only one team, the World Series champion Kansas City Royals — will probably think spring arrived too soon. Want all next year? Well, it is here.

"The great part about baseball is that you can have a tough year and then you can't wait until the next year begins because it's all new," said Banks, who knew a lot of tough years playing for the mighty dreadful Chicago Cubs in the 1950s and 60s.

Banks said he always had a special feeling in the pit of his stomach when spring training approached, as if his body could sense the winter months were ending.

Snider said, "You start to get itchy feet. You want to get involved with a great game again. It's been part of my life for 43 years as a player, coach, instructor, minor league manager and broadcaster and it's still in my blood."

Snider recalled spring training in his early years with the Brooklyn Dodgers when "Dodgerstown" was an old Naval air base abandoned after World War II. The players slept in barracks, eating food suited more for recruits in basic training.

"The walls were so thin you could hear people snoring four rooms down," Snider said. "They threw out food on meat trays and it wasn't any good. Our practice diamonds were behind a swamp and we had to carry our bats when we went there because of the snakes."

And yet the urge to hear the familiar cry, "play ball," was just as overpowering then as it is now.



Sandy Kofax, who pitched his way into the Hall of Fame, gave some tips to Shohei Ohtani. The Japanese is working out in Florida with the Dodgers.

is now, when players live in condominiums on the beach and train in facilities equipped like a year ago.

"You just can't help but be excited," said Phil Niekro, the 46-year-old pitcher for the New York Yankees, who stopped at the Atlanta Braves' camp last Wednesday in West Palm Beach to say hello to some old friends.

"After this, you'll be ready to go," Niekro said. "You start getting everything together two weeks early."

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SCOREBOARD

Basketball

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct.
Philadelphia	42	12	.778
New York	38	16	.706
Washington	35	19	.648
New York	17	27	.315
CENTRAL CONFERENCE			
Team	W	L	Pct.
Atlanta	40	18	.690
Atlanta	35	23	.603
Cleveland	33	25	.569
Chicago	32	26	.554
Indiana	29	29	.500
WESTERN CONFERENCE			
Team	W	L	Pct.
Houston	38	16	.706
Denver	35	19	.648
San Antonio	32	22	.593
San Antonio	29	25	.538
Utah	28	26	.519

Selected College Results

FRIDAY'S RESULTS

EAST

Brown 51, Princeton 44
Cornell 44, Dartmouth 44
Cortland 44, Cornell 44
Cortland 44, Cornell 44

WEST

Idaho 51, Minnesota 44
Idaho 51, Minnesota 44
Idaho 51, Minnesota 44
Idaho 51, Minnesota 44

SATURDAY'S RESULTS

EAST

Idaho 51, Minnesota 44
Idaho 51, Minnesota 44
Idaho 51, Minnesota 44
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WEST

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Bubka Outvaults Olson Again, Raises World Mark to 19-5 3/4

The Associated Press

INGLEWOOD, Calif. —

Sergei Bubka of the Soviet Union

leapt to an indoor world mark of

19 feet 5 3/4 inches (5.96 meters) in

the pole vault Friday night in the

Los Angeles Times-GTE meet, im-

proving on the mark held by Billy

Olson of the United States by about

6.54 seconds.

Olson, who has raised the world

indoor record four times this win-

ter, finished second in the meet at

the indoor world mark of 19-0 1/4

feet, set by Dave Kozewitz in 1984.

Olson was third at 18-11 1/4

feet, edging Bubka's older brother,

Vasily, on fewer misses.

Olson, who had set a short-

lived world indoor vault standard

of 19-4 3/4 three weeks ago, cleared

19-0 1/4.

Pierre Quinon of France, the

1984 Olympic champion, fared

even worse, failing to clear any

height.

Olson missed twice at 19-5 3/4.

Then, after Bubka cleared the

height, he had to have the bar

raised to 19-6 1/4. But the Russian

objected, saying the rules called for

the bar to be moved up two inches

at the record as it could.

Olson said, meaning the smallest

increase above 19-5 3/4 he legally

could go to was 19-7 1/4.

As it turned out, so did Bubka,

who had made a series of critical

remarks on Olson's skills and

number of world records in the

past.

He and the Soviet team thought

Olson was trying to cheat and

crashed during the first run, unable

to meet Sunday in San Diego, at

which Olson was also to appear.

But the San Diego meet organizers

said they had persuaded Bubka to

come.

Earlier in the Times meet, Diane

Olson ran the pole vault.

She was in the

meat.

She was in the

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